The Transformation of Taiwan into a Structural Competition-State Facing China’s Integration into the Global Community

By Yi-Chun Lin

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ABSTRACT

THE TRANSFORMATION OF TAIWAN INTO A STRUCTURAL COMPETITION-STATE FACING CHINA’S INTEGRATION INTO THE GLOBAL COMMUNITY

By Yi-Chun Lin

Dissertation Director: Professor Yale H. Ferguson

During the Cold War, developments in the international system as well as new directions in the policies of the great powers generated the most important impetus for change in Taiwan, resulting in the evolution and transformation of the government of the Republic of China and initiating the process of democratization. However, after the 1990s, the unintended consequences of a period of accelerated globalization exerted a profound impact on the development of Taiwan’s modern state building, which included transformation in the concept of sovereignty within the state apparatus in Taiwan.

Because it cannot be categorized as a national welfare state on the basis of economic nationalism or as a competition-state typical of neoliberalism, Taiwan, instead, has been driven by hybrid forms of globalization to adopt a strategy of conflating nationalism and liberalism for its survival in a period of globalization, in which China has accelerated its integration process into the global community since the late-1970s. This transforming process of Taiwan can be described as a *structural competition-state*, in which, like other
countries, the pursuit of enhancement of national competitiveness by liberalistic open policies becomes the main priority of the state machine. However, it is different from other countries in that the success of its accommodation to globalization conditions depends heavily on international power structures that, in turn, influence the current developments of Taiwanese nationalism.

Although most scholars attribute the launch of Taiwan’s transformation to the process of internal democratization, they ignore the external dynamics of globalization that have stimulated the transforming sovereignty concept in Taiwan. Therefore, this dissertation will take into account the state’s transformation as a result of globalization in order to re-evaluate the construct of Taiwan as a structural competition-state. This analysis will, first, offer another dimension to understanding Taiwan’s transformation actuated by the globalization that simultaneously enabled and permitted China’s integration into the global community. Second, by helping form a clearer picture of states’ responses to the transforming global system, the notion of a structural competition-state will enrich the study of globalization. Finally, this dissertation will aid in forecasting practical scenarios related to Taiwan in the globalization era.

Key words: Globalization, global governance, sovereignty, economic integration, Taiwan, China
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Part I

Theoretical Foundations

In the first part of this dissertation, a theory of the structural competition-state will be developed in Chapters One and Two by carefully surveying the literature regarding the evolution of globalization theory and its application in the case of Taiwan.
Chapter One:

Introduction

I. Trends Affecting the Evolution of the Modern Taiwan State

From the 1950s to the 1970s, Taiwan was the sole legal regime representing China under the name of the Republic of China (ROC) within the Cold War international system structure. However, due to the process of integrating the People’s Republic of China (PRC) into the global community, Taiwan’s international survival came to be increasingly threatened during the 1970s. No longer representing China in the global community, the ROC regime on Taiwan began to lose diplomatic recognition among other countries and international organizations (IOs) across the globe. In order to prolong its state autonomy, Taiwan’s response was to become a global economic power, while still maintaining the ideology of reunification that shaped the ROC’s mission. This change in philosophy and tactic successfully legitimized the ROC regime within Taiwan’s society until the end of the 1980s. By that time, Taiwan had already cultivated the outward appearance of a modern state, with full state sovereignty respected both by its local society and much of the global community. While imperfect in some regards, its sovereignty functioned in four different areas, including domestic sovereignty, referring to the effective control of the Taiwanese
government within its temporarily defined territorial realm; interdependence sovereignty, referring to Taiwan’s ability to manage trans-border movements; international legal sovereignty, referring to the mutual recognition between Taiwan and some states; and Westphalian sovereignty, referring to the exclusion of external actors from Taiwan’s domestic authority structures.¹

After the 1990s, China was given a more significant role as a result of a deeper and broader impact from globalization that emphasized global and regional integration and cooperation. The Taiwanese government found itself facing not only a difficult international environment, but also an erosion of its state sovereignty and capacity. Meanwhile, China in the post-Cold War era has been actively participating in IOs and programs while simultaneously removing and rejecting the participation of the ROC regime. The PRC government had a tremendous incentive to block Taiwan from participating in the global community not only because of China’s enormous stake in the global political economy, owing to its accelerated integration process after the 1990s, but also because of the so-called “One China Principle,” according to which only the PRC can claim to represent all of China, including the Chinese mainland and Taiwan.²

¹ “These four meanings of sovereignty are not logically coupled, nor have they covaried in practice.” Please see Stephen D. Krasner, Power, the State, and Sovereignty (Abingdon and New York: Routledge, 2009), 184.
² In a very few cases, mostly among the ROC’s diplomatic relations with its 23 diplomatic countries, the ROC government in Taiwan represents China.
Consequently, in addition to its significantly decreased influence on IOs, the ROC regime on Taiwan met with difficulties in shaping and enjoying any global and regional economic integration agreements as well as political cooperation regimes.

On the other hand, since that time, both local corporations and multinational corporations (MNCs) in Taiwan have recognized the impact of Taiwan’s absence from regional economic integration on Taiwan’s competitiveness and so have gradually redirected their investments to China and Southeast Asia. Accordingly, economic development has stagnated, and the governmental machine has had to cope with persistent social movements that questioned the legitimacy of the ROC regime in Taiwan, both domestically and internationally. Continuing decline of investment from both the private and governmental sectors has led to economic turbulence and dire financial crisis. Consequently, the political apathy of the general public before the 1980s has evolved into different voices, all seeking a new interpretation of the role of Taiwan’s government in the global/regional community since the 1990s. The Taiwanese government has thus been inspired to look for alternative ways to tackle these challenges. Three approaches,

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in separate time periods, can be recognized as its responses: the neoliberalism approach
during the presidency of Lee Teng-hui; the economic nationalism approach during the
presidency of Chen Shui-bian; and the hybridization approach of the current President,
Ma Ying-jeou.

In the early 1990s, during the presidency of Lee Teng-hui, the Chinese and
Southeast Asian economic powers emerged, stimulating a massive relocation of MNCs
and foreign capital in the global economy. As a countermeasure, by the mid-1990s,
Lee’s administration adopted neoliberalism to combat stagnant economic progress and
the increasing demands of social movements. On the one hand, this privatization and
liberalization opened up the mid- and up-stream industrial territories internally, thus
encouraging domestic investment by native Taiwanese businesses. On the other hand,
Lee’s approach extended the scope of the state machine by including local Taiwanese
factions and private capitalists in the party-state system, thus forming an alliance among
the emerging local forces against the original mainlanders who had dominated Taiwan’s
state machine since the end of World War II. Together with the failure of the ROC
regime in global society, the attempt at a neoliberal strategy unexpectedly caused Taiwan
to search for a more suitable status for joining the global community. That pursuit
created a surge of independent movements on the island.
During Chen Shui-bian’s presidency, from the perspective of economic nationalism, the Taiwanese government adopted various foreign and domestic policies to maintain its state capacity and national power to fulfill Chen’s promises of building a national welfare state while incrementally globalizing. Thus, the Taiwanese government pursued its independent status and indicated that it could not surrender key areas of sovereignty to any force; rather, the government had to strengthen its capacity to protect its sovereignty, for example, by preventing or restricting population and currency flows. While many states have encouraged some globalizing trends, such as welcoming more foreign visitors, investment, and trade, the Taiwanese government displayed its capacity to impose restrictions on these flows, especially those of Taiwanese investments in China and Chinese tourists coming to Taiwan. The government’s concerns were always related to its proposal of building a more healthy social security system before establishing further open policies. However, largely because China was emerging as another country oriented towards economic nationalism within a process of globalization, the development of economic nationalism in Taiwan, with respect to the global arena, was perceived as a zero-sum game. Unfortunately, after an 8-year contest from 2000 to 2008, Taiwan lost the game because it had become more politically isolated and economically

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marginalized in the globalization competition. Ironically, the result of the pursuit of absolute sovereignty and independence was the comparatively worse performance of Taiwan’s economy, which, in turn, caused worse fiscal conditions and more difficult international relations.

All these developments severely damaged the prospects for long-term sustainability of Taiwan’s national welfare system, thereby affecting the goal of building a national welfare state as well. Chen’s unsuccessful attempts also showed that, even while Taiwan enthusiastically displayed its qualified competence to contribute to global and/or regional cooperation and integration, its ability to contribute still had to be recognized within the institutions and processes of global governance, which was dominated by the great powers, especially, in this context, the US and China. With the awareness of this international structure defining Taiwan’s capacity, since 2008, the hybridization approach of President Ma Ying-jeou, therefore, has been an adjustment of Chen’s economic nationalism.

Since globalization is a process marked by both integration and fragmentation, the hybridization strategy also reflects these dynamics. Taiwan has to be transformed by adapting to a set of globalizing conditions, largely regulated by great powers, to integrate successfully with regional and global markets and politics. Taiwan cannot insist on
absolute protection of its sovereign status and autonomy because the state-market balance of power is shifting, and refusing to adapt only means marginalization in the global community. Transformational and integrative processes are necessary to assure Taiwan’s interdependent status as well as to maintain the widest possible autonomy and capacity. The question then becomes how to embed Taiwan in the regional economic and political environment and, further, in global governance mechanisms; this issue has evolved into the main motive for pursuit of competitiveness that remains strongly constrained by international great powers and internal growing nationalism.

As a result, the plan of the Asian-Pacific Regional Operations Center (APROC) has been re-adopted by the Ma administration to link Taiwan to the trend of globalization. Indeed, the reformed APROC plan is essentially a product of globalization, instituted in hopes of resolving the dual questions of Taiwanese sovereignty and access to global and regional governance projects. Hence, from the perspective of the Ma administration, the Taiwanese government under the reformed APROC plan tends to focus its sovereignty concerns more on the maintenance of domestic authority and cross-border regulations. The state machine as a main administrative agent implementing governance programs has undergone a change in purpose in the different architecture of global politics. Rather than pursuing being an independent national state that was encountering difficulties in
dealing with challenges of globalization, Taiwan is, at least to some extent, transforming into a structural competition-state. In addition, the global core powers have displayed their capacity to influence the development of global and regional integration and cooperation that have great effects on Taiwan’s internal nationalism. These developments together structure the content of Taiwan’s competition-state model. In this environment, Taiwan’s compromise of part of its sovereignty on behalf of globalization will greatly improve the country’s security and competitiveness so that its survival in the global arena can be ensured.

In this dissertation, liberalization is considered one of the best strategies for maintaining Taiwan’s status quo as a quasi-sovereign state under the APROC project and the propaganda of “ROC on Taiwan.” This transformation reflects an nationalism-liberalism hybridization. Taiwan is transforming into a structural competition-state to confront the challenges of China’s accelerated integration into the global community. For instance, the current development of the Ma administration’s liberalist policies—especially its signed agreements with China on trade (the Economic Cooperation Framework Agreement, ECFA), finance, tourism, airline flights, and shipping—is an attempt to integrate Taiwan’s domestic market into the Chinese market. Based on such integration, Taiwan, although compromising its previous pursuit of
recognition as an independent state, will be able to enjoy the trade agreements and regional cooperation of the ASEAN Plus Three (APT). The Ma administration believes that the success of the APROC plan depends on reconciliation in Cross-Strait relations, so the signed cooperative deals with China are the first step, not only in repairing the Cross-Strait relationship but also in creating in Taiwan more of a globalizing mentality.

The expectation is that, as long as Taiwan’s process of globalization is being unceasingly pursued, its national security, competitiveness, and global participation can be enhanced.

Taking into account this background, the following questions will be addressed in this study: What were the origins of these changes in the state machine of Taiwan? What forces motivated and continue to motivate the transformation of Taiwan’s government into becoming a structural competition-state by hybridizing nationalism and liberalism? Has the transformation of the Taiwanese government caused a change in the status of Cross-Strait relations? I will argue that the integration of China, a rising economic power in particular, into the global community is also a part of globalization.

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6 In 1992, the members of the Association of Southeast Asian Nations (ASEAN) formed a trade bloc agreement among 10 countries, including Brunei, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Laos, Myanmar, and Cambodia. Currently, the ASEAN members have expanded this trade bloc agreement with three other East Asian countries—China, Japan, and South Korea—resulting in the ASEAN Plus Three (APT).

That, in turn, has been a key factor in transforming the Taiwanese state machine into a structural competition-state and led to significant changes in Cross-Strait relations.

II. Review of Literature

Globalization is an inherently complex and heterogeneous process of fission and fusion, so it is not surprising that there is no unified theory of globalization and its consequences. Although the political and academic debates about globalization are intense, three schools of thought have crystallized with regard to states under globalization: skeptics, hyperglobalizers, and transformationalists. These three schools’ conflicting perspectives will be reviewed. Then, the literature examining specific states’ responses, including Taiwan’s, to the globalizing shifts will be surveyed.

A. Skepticism

Typical of the skeptical school, Hirst and Thompson contended that the “new” trend of globalization and its impact on the global world differ little from previous international relations. Their basic premise challenges what they term the “myth of globalization,” which holds that the current situation is truly an unprecedented global phenomenon.

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Using an approach to comparative political economy that analyzes levels of economic integration between the late 19th century and the post-Cold War era, they argued that the extent of contemporary globalization is vastly exaggerated. In addition, they contended that the dynamics of “internationalization” themselves rely heavily upon the regulatory power from the state machine to ensure continuing economic liberalization. In sum, these authors discount the idea that the acceleration of globalization prefigures the emergence of a new, less state-centric world order. Rather, it points to the growing centrality of states, with more regulations for governance mechanisms as well active promotion of globalization. International economic conditions may constrain but do not immobilize governments. Therefore, Hirst and Thompson concluded that globalization has become a politically convenient excuse for implementing orthodox neoliberal economic strategies.

Weiss argued that the result of increased economic integration is not a “globalized” world but rather an “internationalized” system in which sovereign states are actually more prominent. She emphasized the adaptivity of the sovereign-state and its continued advantages in an increasingly internationalized world. Because of the organizational ability of sovereign states to deal with obstacles, to change, and to absorb

risks triggered by modern production technologies, states are not hapless victims of globalization. According to Weiss, the authority and power foundations of the Westphalian sovereign-state are not likely to be displaced by the development of globalization. On the contrary, “[s]tate capacity, far from becoming irrelevant, has acquired new significance in a changing world economy.” Such adaptivity, in the view of many skeptics, contributes to the advance of both the fundamentalism and the aggressive nationalism that constitutionally support the operation of a national state as well as the pursuit of a welfare state.

With respect to Taiwan, the skepticism is the most popular idea adopted by scholars to analyze Taiwan’s relatively stronger state capacity in facing the challenges of globalization. Wang Horng-Luen emphasized the transformation of international institutions as a key factor in explaining the changes in Taiwan’s government. He asserted that the failure of the ROC regime has caused Taiwan’s nation-state status to suffer severe setbacks within the global community and has subsequently resulted in Taiwan’s ambiguous “neither-nor” nation-state status.

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11 Ibid., 13.
According to Wang, during the international structural changes that have taken place since the 1970’s, the proclamation of Taiwan’s government that it is the “Chinese Government” has been futile, making it difficult for the global community to provide support on a wide variety of fronts. Under such circumstances, a state will naturally turn towards a more sustainable argument; in this case, it was the pursuit of a nation-state different from the ROC regime so that Taiwan’s existing autonomy and legitimacy could be preserved under the prevailing conditions. In addition, Wang emphasized that the pursuit of further participation in international institutions does not condemn Taiwan to becoming a weakened state that submit to the forces of globalization; on the contrary, ironically, these movements can significantly enhance the healthy operation of Taiwan’s independent status, autonomy, and influence in the global community.

Lin Chia-lung further focused on the awakening of a long-suppressed Taiwanese consciousness and concluded that the surge of the Taiwanese identity after the 1990s is related to Taiwan’s transition to and consolidation of democracy. During the process of Taiwan’s democratization, increasing international hostility towards Taiwan raised by

the Chinese government boosted a sense of common suffering among people living in Taiwan, who were forming a more localized political identity, which became the Taiwanese identity. By claiming to be politically Taiwanese, the people living in Taiwan not only enjoy an ethnic identity in the global community but also create a citizen-based political identity that further enables the global community to distinguish Taiwanese from Chinese. Lin asserted that Taiwan’s contemporary national identity is not inborn but a socially and politically constructed sentiment subject to its domestic democratization and heavily influenced by its international milieu. As a result, the dynamics of globalization not only shape the nature of Taiwanese nationalism but also affect Taiwan’s becoming a modern state.

In addition to democratization, privatization and liberalization are also parts of globalization. Wang Jenn-hwan explained how the Taiwanese state machine regained its capacity by adopting the policies of privatization and liberalization for dealing with challenges from globalization.14 Wang reviewed Taiwan’s history in the 1990s, when the Taiwanese government found itself facing a difficult international environment as well as a weakening of the state machine, due largely to a deeper and broader impact

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from globalization that challenged Taiwan’s state operation and constitution which had come from China since 1949. In 1988, Lee Teng-hui succeeded Chiang Ching-kuo and immediately realized that the function of the Taiwanese state was caught in serious rifts and conflicts against the background of the Kuomintang party (KMT) that had deep Chinese roots. According to Wang, in response to these conflicts, Lee chose to extend the scope of the state machine by privatization and liberalization polices of opening up the mid- and up-stream industrial territories to stimulate Taiwan’s domestic investment by native businesses, thus forming an alliance between the growing local economic and social forces against the original mainlander factions within the state machine. In the mid-1990s, not only had Lee’s regime been successfully consolidated, but also state capacity had been gradually retrieved. Later, Lin Chen-wei concluded that the above reformation facilitated the development of a “Taiwan-sized” state machine to such a point that a new welfare state was emerging in Taiwan. Although the previous “China-sized” state machine met difficulties in building Taiwan’s own social security system, the reformed state could lead Taiwan to have more confidence and capacity for its survival in the global arena.

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In addition, the case of Taiwan was also discussed among adherents to the neo-statism approach that emerged around the end of 1970s. Under the slogan of “bringing the State back in,” the neo-statist school explored many cases of economic development between different areas and attributed the success of East Asian economic development to the role of their strong governments.\(^\text{16}\) Since then, Taiwan has been regarded as a strong-state model that involves friendly intervention in markets to accomplish its national economic plans.\(^\text{17}\) The Taiwanese government adopted a plethora of measures—such as land reform, tax relief policies, subsidized interest rates, fiscal incentives attached to export performance—to support selective industrial development. Therefore, Taiwan’s success in economic performance became a chapter of the East Asian miracle, the key to which, the statists have concluded, was related to its strong state machine. However, even though Taiwan has shown that it has qualified competence to tackle conventional \(\ldots\), that capability does not guarantee this strong-state approach can duplicate its previous success against the next challenges of globalization. From this viewpoint, some neo-statists have even mentioned that the

\(^{16}\) See Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., Bringing the State Back In (NY: Cambridge University Press, 1985).

first and the most important issue of Taiwan’s globalization lessons is how to assure Taiwan’s future development within a global economy in which China has significantly changed the general environment.\textsuperscript{18}

The concern highlighted by the neo-statists points up that analyses from the skeptical school always ignore the factor of the Chinese government, which has been becoming a rising power playing an increasingly important role in international institutions since the late 1970s. Taiwan’s participation in institutions oriented towards China obviously will not lead in itself to an environment that encourages the Taiwanese independent movement, but rather it will force Taiwan into a scenario favorable towards the Chinese government, that is, a reunification between Taiwan and China. With respect to this scenario, it is necessary to consider hyperglobalism, which might seem to call for treating Taiwan as another Hong Kong.

\textbf{B. Hyperglobalism}

Hyperglobalizers regard globalization as defining an entirely new epoch, in which the traditional sovereign-state system has been increasingly eroded by other phenomena,

especially economic and business institutions and processes in the global world. For example, Strange stressed the accelerating pace of technological change and the principle of global competition for capital as two prime causes of the shift in the state-market balance of power.\(^\text{19}\) The authority, power, and legitimacy of the sovereign-state are undermined as national territory becomes subject to global currency flows and as private institutions associated with multilevel governance mechanisms become more significant. In other words, the process of denationalization has been generated through an expansion of global networks of production, trade, and finance. In this evolution, national governments are relegated to little more than transmission belts for global capital or, ultimately, simply intermediate institutions sandwiched between increasingly powerful local, regional, and global mechanisms of governance.

Cerny demonstrated that this neoliberal economic practice also attaches the concept of “global civil society” to the meaning of globalization.\(^\text{20}\) The worldwide diffusion of a consumerist ideology defined by universal standards of economic and political organizations has imposed a new sense of loyalty and identity, displacing traditional cultures and ways of life. Global civil society is being equipped with its own


mechanisms of global governance, whether they be the likes of the WTO or the disciplines of the world market; thus, states, firms, associations, and individuals are increasingly the subjects of new public and private global or regional authorities. Cerny concluded that geography has been downgraded in the space-time-compression process or, in Cerny’s language, a “new spatio-temporal fix” has emerged. This is driven by the expansion of the scale of markets so that the form of the state has been transformed from the industrial welfare state to the competition state. States now pursue the goal of competitiveness in the global political economy, leading global politics to multilevel governance structures that are a complex interaction of state-state, state-firm, and firm-firm negotiations.

Similarly, Ohmae maintained that the notion of sovereignty should be put in a museum because notions of national interest have become of declining interest due to the reduced capabilities of sovereign states in the global economy. Because of the decline of sovereignty and the increasing influence of regional ports for entering markets, Ohmae also forecasted that Hong Kong/Shenzhen, Singapore, southern China, southern India, Silicon Valley, New Zealand, and the Pacific Northwest of the US would be the winners in the new globalized world. Within this evolution, Ohmae implied that, if Taiwan

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could follow Hong Kong’s lead by staying away from the row over its national status and instead work to integrate itself with the Chinese market, then its national competitiveness might be enhanced in the global arena.

Chu and Lee also advocated a market-friendly approach for Taiwan’s better economic governance while its original state-led model is somewhat maintained. By describing Taiwan’s globalization story in terms of industrial governance and financial governance, Chu and Lee indicated that the Taiwanese state was successful in dealing with the forces of globalization because the state linked itself well to the global market on favorable terms, although it may have sometimes intervened in the market. This Taiwanese model can be cataloged as a developmental state in which a country becomes one administration agency among the global actors, selectively and gradually coping with the challenges of globalization. A developmental state may show its capacity to foster national development, but that capacity is largely contingent on domestic politics and institutional arrangements. In the case of Taiwan, its immature democracy contributed to short-sighted policies, as did the Democratic Progressive Party’s (DPP, Taiwan’s

former ruling party during 2000-2008) hostility to neoliberalism and favoring of nationalism.

Chu analyzed updated data on Taiwan and indicated that widespread perception of China’s economic potential and increasing awareness of the inevitability of growing Cross-Strait economic integration had briddled the DPP’s pro-independent policies and possibly allowed Taiwan’s infrastructure to integrate with global and regional markets. In other words, Chu’s stance was one of hyperglobalism, indicating that Taiwan’s pursuit of an independent state or even economic independence from the Cross-Strait economic integration would inevitably harm Taiwan’s national competitiveness. Yet accommodation to globalization was also a policy choice and would encourage the pace of economic integration across the Strait. By appreciating the countries’ greater common economic interests in integration, it might lead to a peaceful reconciliation under some form of political union between Taipei and Beijing. This is a story of global governance as well, in which the state’s emerging Taiwanese national identity and autonomy is shaped by its pursuit of competitiveness.

Chu was not alone in the belief that growing economic integration dampened Taiwan’s nationalist movements. Some opinion that Taiwan’s

increasing economic dependence on and integration with China would lead to changing perceptions of the island’s needs and interests, enable peaceful reconciliation between the two sides of the Strait, and make unification desirable or, at least, put Taiwan on track to a pro-unification future. These authors respected the power of the market and put more emphasis on building a desirable and sustainable governance mechanism in which the role of the state is diminishing and deregulation, privatization, and the openness of borders to capital and trade are increasing. Under the flag of neoliberalism, Taiwan’s national priorities and strategic intent have veered from pursuit of national independence to negotiations with other global actors for permission to join other markets—especially the Chinese and APT markets—that are needed for national competitiveness. The state-market balance of power is shifting, and acquiring more capital from other markets means that Taiwan must surrender on the sovereignty issue. The state only serves the economy, and in Taiwan’s case (the argument goes), it should serve as an actor supporting

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and protecting the growing flow of economic interactions across the Strait through any
and all neoliberalist approaches, whether they are called economic integration, market
community, political unification, or even capitulation to one set of priorities.

An extreme hyperglobalist position is that of Chang Ya-chung, whose opinion
moves beyond political theory’s traditional emphasis on the interdependence of nation,
government, and people.  
Chang proposed that the government in the era of
globalization should be extracted from a political continuum linking nation and people, in
which the people would have the right to demand an opening of the political marketplace.
From this viewpoint, it should be possible for the Taiwanese people to establish
agreements with foreign governments without having to go through the restrictive
medium of their own government, generally because this approach of choosing the form
of government that best suits their own interests could enhance the overall
competitiveness of Taiwan in the global market.  Chang also indicated that adopting
such a strategy for Taiwan would make it possible for multiple types of identification to
exist simultaneously in Taiwan and would facilitate the establishment of new governance
mechanisms that could ensure peace between Taiwan and China.

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25 Ya-chung Chang, *Kai fang zheng zhi shi chang: Quan qiu zhi li Taiwan* (Open Political Market: Leasing
Taiwan) (Taipei: LinKing Publishing Company, 2002).
However, the recommendation of this school to assign the nation-state a less
important role in the global political economy, especially from the Taiwanese perspective,
seems too ideal to be implemented fully in reality because nation building and
globalization are not heading in opposite directions; even a competition state, following
the neoliberalism approach, is still generally based on the pursuit of its own perceived
national interests. The dynamics of globalization not only include integration but also
fragmentation, which under various circumstances can have a positive effect in
enhancing national identity. The transformationalism school has developed this
argument further.

C. Transformationalism

Transformationalists reject both the skeptics’ claim that nothing much has changed
and the hyperglobalizers’ rhetoric touting the end of the sovereign-state system. Indeed,
transformationalists argue that globalization is re-constituting or re-engineering the
power, functions, and authority of national governments. For example, Ferguson and
Mansbach adopted the term postinternationalism\(^{26}\) to analyze contemporary trends of

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globalization in which there would no longer be, if there ever truly existed, a clear and consistent distinction between international and domestic, external and internal affairs.  

States across the globe are having to adjust themselves to a global politics, which involves at least eight macro changes: (a) history’s revenge and future shock; (b) the increased porosity of the territorial state; (c) multiple identities and loyalties; (d) an expanding cast of important global actors; (e) the declining role of distance and acceleration of history; (f) a participation explosion; (g) shifting sources of security and insecurity; and (h) a liberal bias in some postinternational thinking. Thus, globalization is associated with a transformation of the relationships among territoriality, sovereignty, authority, identity, and state capacity. Ferguson and Mansbach’s most recent work, following the global financial crisis and grave worldwide recession, raises the question whether “borders” are returning to what they regard as a substantially “borderless” world. They conclude that, although there has been a modest increase in protectionism, stalemate in the WTO Doha Round of trade talks, and greater regional differentiation, to date globalization in most dimensions does not appear to be in major retreat. Overall, it has tended to slow rather than reverse.

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28 Ibid., 17-30.
Sassen made her own transformationalist case by surveying how three components—territory, authority, and rights—have been being created and interpreted in their interrelationships across what she identifies as three major historical “assemblages”: the medieval, the national, and the global. Sassen found that nation building and globalization are not in opposition because the laws, property rights, and borders that states create are, in complex ways, facilitators for the process of globalization. Consequently, although states still hold the ultimate legal claim to effective supremacy over what occurs in their own territories, the jurisdiction of global governance institutions simultaneously expands and also the constraints set by—as well as the obligations derived from—global trade and other dimensions of globalization grow. “The global” gradually embeds itself in “the local,” transforming local laws and institutions, which in turn allows state and subnational institutions better to continue interacting with the external world.

Dicken also rejected both of the contrary views that the state remains dominant or is no longer a major player, arguing that the position of the state is being redefined. He explored the new roles of states in processes of globalization and, in particular, how

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states fulfill the following four functions: containers of distinctive institutions and practices; regulators of economic activities and transactions; competitors with other states; and collaborators with other states.

Rosenau explained that the concept of state is related to different modern understandings of territoriality, state autonomy, and state capacity, which stand in a more complex relationship with other actors than they did in the era during which the modern sovereign nation-state was being forged. He contended that globalization is associated not only with a transformed conception of sovereignty but also with the emergence of other rising non-territorial economic and political institutions in the global arena, especially multinational corporations, transnational non-governmental organizations, international organizations, and so on. Global politics, in this perspective, can no longer be analyzed from a strict Westphalian sovereign-centric approach because power and authority have increasingly diffused among public and private institutions at the individual, local, national, regional, and global levels. Some functions traditionally associated with sovereignty have been surrendered to other domains, especially markets, so that sovereign-states are no longer the sole centers of authority and multilevel governance prevails.

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32 James N. Rosenau, *Distant Proximities.*
Surprisingly, in contrast to the skeptics’ embrace of the philosophy of the welfare state from economic nationalism and the hyperglobalizers’ adoption of the idea of the competition state from neoliberalism, the transformationalist school has not addressed the task of classifying states (that is, state types) resulting from system-wide changes, and certainly not the case of Taiwan. Although some scholars have embarked on studying alternative approaches to Taiwan’s participation in IOs, those suggestions are largely limited to contributions to Taiwan’s foreign policies rather than to the entire framework of Taiwan’s development as tied to the future of globalization.\(^{33}\) The current Taiwanese government has simultaneously been adapting to the conditions of East Asia’s globalization, seeking to preserve its independent status, and pursuing its integration into global and regional governance mechanisms. Hence the resultant Taiwanese state is, in fact, very difficult to categorize. Taiwan is neither a traditional welfare state nor a pure competition state; rather, I argue, it is a *structural competition-state*, a hybrid form reflecting both economic nationalism and neoliberalism.

Our review of the related literature has now identified critical issues in the debate in

order to create a foundation for thinking about how a sovereign state should respond to globalization. The three schools of thought, applied to the development of the Taiwanese state and the future of globalization, are summarized in Table 1-1.
**Table 1-1. Comparison of schools of thought on globalization**

<table>
<thead>
<tr>
<th>Tendencies of Globalization</th>
<th>Skepticism</th>
<th>Hyperglobalism</th>
<th>Transformationalism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Embarkation</td>
<td>Economic nationalism</td>
<td>Neoliberalism</td>
<td>Postinternationalism, hybridizing thinking of nationalism and liberalism</td>
</tr>
<tr>
<td>Variants</td>
<td>Realism, mercantilism</td>
<td>Free trade, de-territorialism, denationalization</td>
<td>Free trade, interdependence</td>
</tr>
<tr>
<td>Level</td>
<td>State-centric</td>
<td>Pluralist</td>
<td>Individual-centric, pluralist</td>
</tr>
<tr>
<td>Units</td>
<td>States</td>
<td>Firms, states, NGOs, IOs</td>
<td>Individuals, firms, states, NGOs, IOs</td>
</tr>
<tr>
<td>Importance of national sovereignty</td>
<td>Reinforced or enhanced</td>
<td>Declining or eroding</td>
<td>Reconstituted or restructured</td>
</tr>
<tr>
<td>Driving forces of globalization</td>
<td>States</td>
<td>Market</td>
<td>Combined forces of modernity</td>
</tr>
<tr>
<td>System structure</td>
<td>Conflict</td>
<td>Cooperation</td>
<td>Cooperation with tensions</td>
</tr>
<tr>
<td>Game metaphor</td>
<td>Zero-sum</td>
<td>Positive-sum</td>
<td>Uncertainty</td>
</tr>
<tr>
<td><strong>Tendencies of Globalization</strong></td>
<td>Skepticism</td>
<td>Hyperglobalism</td>
<td>Transformationalism</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------</td>
<td>---------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Summary argument</td>
<td>Internationalization depends on state acquiescence and support</td>
<td>The end of the sovereign nation-state</td>
<td>Globalization transforming state functions and power politics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Typification of state type for Taiwan</strong></th>
<th>National welfare state</th>
<th>Pure competition state</th>
<th>Structural competition-state</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main academic supporters in the Taiwanese case</td>
<td>Neo-statists</td>
<td>Rising-China advocates</td>
<td>A developing voice</td>
</tr>
<tr>
<td>Weaknesses in explanations</td>
<td>Ignoring the factor of an increasingly important role of the Chinese government in global and regional integration processes</td>
<td>Weak in explaining the fact that national building and globalization are actually heading towards the same directions</td>
<td>A developing model lacking sufficient case studies</td>
</tr>
</tbody>
</table>

Source: Created by the author
III. Framework of Analysis

This dissertation will be divided into three main parts: the development of the theoretical foundations of the concept of a structural competition-state; empirical evidence illustrating the Taiwanese case; and a conclusion.

First, a theory of the structural competition-state will be elaborated on in order to establish a foundation for examining the case of Taiwan. In this connection, the researcher will survey not only the literature covering the impact of globalization on global politics but also scholars’ opinions on states’ responses to these phenomena.

The second part will analyze the Taiwanese case in much greater depth. Chapter Three will discuss the evolution of the Cross-Strait relationship. Thereafter, proceeding chronologically, the rest of the second part will first introduce the historical context of the Taiwanese government from the 1950s to the 1990s and then review the transformation process of the Taiwanese government after the 1990s. The latter has been in substantial part as a matter of balancing its response to a Sino-oriented integration process with a nationalist desire to guarantee and even enhance Taiwan’s status in the global community.

The Conclusions chapter will focus on Taiwan’s transformation into a structural competition-state facing China’s rise and its implications for present and future Cross-Strait relations. Figure 1-1 outlines the three parts of this study.
Figure 1-1. Framework of analysis

**Main Argument**
Globalization Transforms the Taiwanese State Machine into a Structural Competition-State That Hybridizes Nationalism and Neo-Liberalism in order to Tackle the Challenges of an Integrated China in the Global Community

**Part I**
Theoretical Foundations

- Ch1. Introduction
- Ch2. The Concept of a Structural Competition-State

**Part II**
The Case of Taiwan

- Ch3. Accelerating the Integration of China with its One-China Principle into Global Governance Mechanisms
- Ch4. Pursuing the Path of Globalization – The Transformation of the Taiwanese Government and Society after World War II
- Ch5. The Impact of the Sino-oriented Global/Regional Governance Structure on Taiwan’s Transformation – Two Conventional Approaches to Forecasting Taiwan’s Future Scenarios
- Ch6. Taiwan Becoming a Structural Competition-State – A Postinternational Approach to Forecasting Taiwan’s Future

**Part III**
Conclusion

- Ch7. Conclusion

Source: Created by the author
IV. Approach of the Study and Limitations of the Research

Contemporary theories of international relations (IR) are frequently divided into three schools: realism, liberalism, and constructivism. Each of these approaches has several variations, and all are themselves “constructions,” involving subjective choices as to how best to choose and interpret diverse phenomena. This dissertation will adopt mainly a liberalism perspective, arguing that system trends have gradually pushed Taiwan to improve its position in international institutions and towards a more cooperative stance in Cross-Strait relations. However, my emphasis on the role of power and the influence of external great powers obviously has realism overtones. Also, the recognition that Taiwan and other states, as well as IOs and additional collective and individual actors, have perceived their interests differently over time is reflective of constructivism.

A. Approach of the Study

In the IR field, anarchy is the central guiding assumption underpinning the work of most scholars. It is not necessarily meant to refer to continual chaos but simply to the absence of central authority in international politics. International politics is taken to be composed principally of the interactions of states—political institutions defined in the conventional Westphalian sense in terms of their legitimate monopoly of violence within
a given territory—more commonly in IR referred to as the condition of sovereignty.

“Sovereignty” is at once an international legal concept and status, and a claim to authority.

States traditionally recognize no authority over themselves that can legitimately impose its will on them and also recognize each other as sovereign in this sense. Different approaches are used to analyze different perspectives of states in an environment of international anarchy.

Realists interpret international anarchy as a factor not only leading to an inherent frequent contradiction between national interests and the common good but also preventing sufficient cooperation to alleviate resulting problems; realists’ suggested strategy for states to deal with international anarchy is to seek survival through power balancing in power politics. On the contrary, liberal institutionalists attribute international anarchy to the lack of adequate institutions and organizations able to organize cooperation and enforce norms and more specific agreed-upon rules of behavior. Cooperation is therefore as natural as conflict, and creating more and better institutions, norms, and rules is the best way for states to face the challenges of international anarchy. Finally, social constructivists believe that the nature of international anarchy is the interpretative result of a social process that constructs the rules or norms that govern the interaction of states; thus, their recommendation for states is to tackle international
anarchy by defining different sorts of state identities, sovereignty, and international order, both theoretically and practically in world politics.

Each of these three approaches is also commonly adopted to analyze the performance of the Taiwanese government. However, both the realist and social constructivist approaches are less well suited to explain why—with the long-term animosity and hostility on both sides of the Taiwan Strait—the Taiwanese government, especially after the 1990s, is looking for better strategies not only to compete against China but, more importantly, to cooperate with it in order to establish an improved status for Taiwan in the global community. Furthermore, although some liberal scholars attribute the result of a changing Taiwanese government after the 1990s to the process of inward democratization, they still ignore the external dynamics of globalization. In sum, this study will use liberal institutionalist assumptions to re-evaluate the phenomenon of a shift in the Taiwanese state machine, taking into account its transformation as a result—in significant respects—of the need to adapt to globalizing trends. This analysis will provide a more complete account of and explanation for the transformation of the Taiwanese government and also perhaps assist in forecasting Taiwanese scenarios in an era of continuing, if somewhat slowed, globalization.
B. Limitations of the Research

As a result of the special historical and geographical relationship that exists between Taiwan and China, along with the fact that developments in Cross-Strait relations between Taiwan and China have long been a global security issue, the question of how and why to positively integrate China into global society has attracted a great deal of attention, not only domestically in Taiwan, but also in the global community. These concerns have also been widely discussed in academic circles. However, because this dissertation does not intend to address the entire integration process of the PRC regime into global society, the political negotiations between China and other powers with regard to China’s role in IOs will be mostly omitted.

In addition, the existence of Taiwan has been challenging the traditional definition and recognition of a “sovereign-state,” both theoretically and practically, since the end of WWII. Moreover, whether or not Taiwan is a sovereign-state is still an open question in many quarters. This, too, will not be addressed in this dissertation. Rather, the focus will be on the post-Cold War transformation of Taiwanese polities affecting the state machine in the context of globalization.
V. Research Methodology

Social science research methods may be roughly classified as quantitative or qualitative in nature. Although this dissertation will include some quantitative information, the methodology employed will be primarily qualitative. Materials will be largely collected through literature surveys, including such sources as economic reports, governmental statements, analyses from the mass media, and public databases provided by academic research centers and think tanks. I have also conducted personal interviews with a few governmental officials and scholars both in Taiwan and in the US.

VI. Expected Contributions

The world is undergoing an epochal transformation driven by relentless scientific and technological advances that collapse both time and distance and alter the dimensions of political space. Some interpreters suggest that the Westphalian system has been gradually replaced by “postinternational politics” in a globalizing epoch, and an emphasis only on state authority has become obsolete. Accelerated globalization has also caused substantial changes in state authority and “undermined the sovereign and inclusive character of national-level political association and the character of national state as civil
association.” The role and activities of states have been modified, and non-sovereign actors have become increasingly significant. Therefore, as Rosenau stated, the “world that has moved beyond globalization to continuing clashes between integrative and fragmenting forces.”

Although many strides have been made by scholars in addressing how states are confronted with a less sovereign-centric system and more market/social-centric system, few works have examined how individual states themselves cope as the world continues to move towards a hybrid order. Because the Taiwan issue is itself part of the heritage of the Cold War structure, it is hoped and, indeed, expected that this careful examination of the case of Taiwan will enrich our understanding of state evolution and adaptation in the context of globalization.

35 Rosenau, Distant Proximities, 16.
Chapter Two:

The Concept of a Structural Competition-State

I. Introduction

In today’s post-Cold War period, the postinternational world seems to be witnessing the emergence of three super-trading blocs. The first is the European Union (EU), which includes 27 European states integrated into a regional single market. This regional economic integration has developed a political dimension in its unique governance structure, including the European Parliament, the European Commission, the Council of the European Union, the European Council, the Court of Justice of the European Union, and the European Central Bank. The second bloc was created by the North American Free Trade Agreement (NAFTA) and includes the United States (US), Canada, and Mexico. In spite of its current limited supranational political structure, this regional project has formed a competing subcontinental free-trade area that is potentially extendable to other states in the Western Hemisphere. The last regional trading bloc, originally formed in Southeast Asia, was based on an existing infrastructure including 10 countries of the Association of Southeast Asian Nations (ASEAN). Today, not only have China, South Korea, and Japan joined that project, which has become the ASEAN
Plus Three (APT), but also Australia, New Zealand, and India have concluded their agreements with the ASEAN free-trade scheme. The result of this super-trading bloc will be an Asia-Pacific free-trade area composed of 16 states.

Some view these three regional super-trading blocs as important stepping stones towards a global free-trade world, and others argue the reverse.\(^1\) In any case, the current postinternational global arena is competition-oriented. Great powers are eager to build these regional free-trading architectures or direct their movements to safeguard their regional hegemony, while other associated semi-peripheral states\(^2\) seek to maintain their own national competitiveness even as they must face neo-imperial and globalizing forces.

The Cold War era was a time of bitter contests between capitalism and socialism, and states’ focus on security issues. During the Cold War, the exercise of state sovereignty mainly involved the regulation of a country’s own population, territory, resources, and interaction with other sovereign states via “international relations.”

Nevertheless, after the end of the Cold War, in today’s postinternational “new world

\(^{1}\) However, some voices argue that regionalism poses the single greatest challenge to the scenario of a global free-trade world because regional trading areas offer a more discriminatory way to organize world trade. For more information, see, among others, James H. Mathis and Jagdish N. Bhagwati, *Regional Trade Agreements in the GATT-WTO: Article XXIV and the Internal Trade Requirement* (The Hague: T.M.C. Asser Press, 2003).

\(^{2}\) The term *semi-peripheral state* is adopted from Laxer’s idea of distinguishing countries in relations with others that position between the core and periphery in the dependency theory. For further discussion of the semi-peripheral state, see, among others, Gordon Laxer, “Preface,” in Marjorie Griffin Cohen and Stephen Clarkson (eds.), *Governing under Stress: Middle Powers and the Challenge of Globalization* (New York: Zed Books, 2004), x-xx.
order,” the trend of economic neoliberalism is redefining the function of the state. A state’s position is seen more in terms of economic strength and vitality for free-trade economics than in terms of pure military muscle and other hard power capabilities. This transformation can be attributed to globalization, a term that has been used and interpreted in a variety of ways, discussed in Chapter One, each of which holds its own implications for the political-economic dual process of integration and/or “fragmegration.”³

The purpose of this chapter, therefore, is to further discuss the transformationalists’ arguments about how globalizing political-economic programs are influencing global governance and endowing states with rather different roles. Power politics obviously still exist, but now are focused more on neoliberal benefits. States are moving from sovereign-centrality to competition-orientation. This chapter will conclude with a discussion of an emerging form—a structural competition-state—that especially characterizes semi-peripheral states’ adaptation to an era of globalization.

II. Increasingly Globalizing Governance Structures and Great Powers

Globalization is by no means an entirely new phenomenon, but today involves greater density of transnational interactions than in the past and (at least until recently) a vastly accelerated pace. Ferguson and Mansbach maintain that globalization should not be seen as a unilinear process and that it involves a complex dynamic in which global, regional, national, local, and individual forces are all in play and often interact with each other. From their perspective, globalization is defined as “a multidimensional process or set of processes that involves not only the world economy and technology but also additional governance, military, cultural, demographic, human rights, and environmental dimensions.”

Different dimensions evolve at their own pace and may even to some extent reverse. Ferguson and Mansbach, like Rosenau, label politics in this context as “postinternational politics.”

A. Global Governance for Political-Economic Programs

In general, global governance is an umbrella term covering different types of global regulation and rule by a wide variety of institutions and actors. Oran Young, for example, defines global governance as “the establishment and operation of social

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5 Ibid., 17-30.
institutions,” including “sets of rules, decision-making procedures, and programmatic
activities.”

Brand contends that global governance constitutes a specific discourse of
global politics whose function is to legitimize specific neoliberal solutions to practical
problems.

Global governance thus concerns the operations of such international
institutions and regimes as the World Trade Organization (WTO), World Bank (WB),
International Monetary Fund (IMF), United Nations (UN), and the previously mentioned
regional free-trade blocs.

Rosenau contends that the mechanisms of global governance not only involve
governmental institutions but also informal nongovernmental mechanisms, “whereby
those persons and organizations within [their] purview move ahead, satisfy their needs,
and fulfill their wants.” Accordingly, it is possible to discern a new pattern of
“governance without government” in which regulatory mechanisms function effectively
in a sphere of activity “even though they are not endowed with formal authority.”

These mechanisms include global codes adhered to private economic institutions, such as

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7 Ulrich Brand, “Order and Regulation: Global Governance as a Hegemonic Discourse of International Relations?” Review of International Political Economy 12, no. 1 (February 2005), 156.
MNCs and markets, and developing norms from global civil society organizations (GCSOs), nongovernmental organizations (NGOs), mass publics, and elites.

Table 2-1 shows Rosenau’s classification of global governance.

<table>
<thead>
<tr>
<th>Process</th>
<th>(type of collectivities involved in each form of governance)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structures</td>
<td>Unidirectional (vertical or horizontal)</td>
</tr>
<tr>
<td>Formal</td>
<td><strong>Top-Down Governance</strong> (governments, MNCs, IGOs)</td>
</tr>
<tr>
<td>Informal</td>
<td><strong>Bottom-Up Governance</strong> (mass publics, NGOs, INGOs)</td>
</tr>
<tr>
<td>Mixed formal and informal</td>
<td><strong>Marked Governance</strong> (governments, IGOs, elites, markets, mass publics, MNCs)</td>
</tr>
</tbody>
</table>

Note: IGO (International Governmental Organization); INGO (International Nongovernmental Organization)

Source: Quoted and adapted from Rosenau’s *Distant Proximities: Dynamics beyond Globalization* (2003), 397.

Global governance in postinternational politics “has occurred not only across different layers and scales of social relations from the local to the global, but also with the emergence of various regulatory mechanisms in private quarters alongside those in the public sector.”

 While adopting the idea of global governance to analyze today’s global political economy, Dicken demonstrates that global governance institutions are a

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veritable “confusion” because they are the outcome of a series of negotiations among public, private, and mixed actors and “operate at different but interconnected geographical scales.”

Figure 2-1 represents his ideas.

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Figure 2-1. A confused picture of global governance structures and institutions

Source: Adapted from Dicken’s *Global Shift* (2007), 529.
* The EU is also a member of the G-20
In sum, the striking phenomenon in global governance over the past fifty years has been the growing role of IGOs and a variety of nonstate actors in facilitating governance. Current developments include the increasingly important role of MNCs and the mobilization of citizens through GCSOs.¹

**B. Great Powers and Global Governance**

There is no dispute that global governance is occurring and its forms are diversifying to keep pace with the deeper and broader scope of globalization. What is disputed is how the great powers should be understood and interpreted in light of the evolving global governance mechanisms. Dicken’s interpretation of global governance, shown in Figure 2-1, is that, under the global governance structures and institutions, “[w]hile some of the state’s capabilities are being reduced, and while there may well be a process of ‘hollowing out’ of the state, the process is not a simple one of uniform decline on all fronts,” because great powers, such as the US, experience no diminution and even realize an enhancement of geopolitical and geoeconomic power.²

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² Dicken, 173.
This viewpoint invites a discussion of neo-imperialism, which argues that the great powers have adopted global governance as a way to strengthen their hegemony and the profitability of their corporations in the global political economy. Thus, McQueen points out that the logic of globalization does not require large capitalist powers to be borderless while other states are subject to this requirement for entering the governance system. This requirement weakens only some already relatively weaker states by either forcing on them or having their comprador leaders willingly accept neoliberal policies, liberalization and privatization, in particular, which ultimately benefit foreign capital. As a result, the positions of the core capitalist states in the global governance structures are enhanced by the continued opening of more markets in other countries for their firms’ economic activity. Global economic governance mechanisms in this view essentially represent the large capitalist powers, their finance capital, and their MNCs interacting in concert to exploit foreign markets. These characteristics recall the imperial system of the late 19th century that featured the idea of free trade, but that now (in its “neo” form) has become a matter of global governance enabling large capitalist powers to open up or close down the economies of others, and shape local cultures and values, all the while proclaiming the virtues of globalization.

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According to Steger’s interpretation, those core capitalist states are great powers in the G-groups. He argues that globalization—or the global spread of governance institutions—is a project being expanded especially by the US to support its own MNCs and the capitalist system as a whole. The US is promoting its national interest via unilateralism and militarism. To sell the idea of globalization, maintain the global governance structure, and assure their continued dominance, the great powers must continue to use military measures when necessary. The war on terror is a good example of how the global great powers typically deal with so-called “crisis regions.” Specifically, the recently-ended war in Iraq and the ongoing conflict in Afghanistan have both neo-imperial and neoliberal aspects. Great powers still have dominant influence on the direction of globalization and a relatively stronger capacity to structure global governance. The absence of some great powers crippled the Kyoto Protocol and provides a lesson of what happens when governance is divorced from power politics. The next section will address this issue further.

III. Effects of Global Governance on the Westphalian Sovereign-Centric

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5 Ibid., 85.
System

Current global governance practices include reemerging imperialism, reconstructed state networks, altered epistemic authority, and the remapping of identities and loyalties.

A. Reemerging Imperialism

First, because, in global governance practices, economically stronger states are, in fact, proceeding with relatively stronger capacity than other weaker ones, the structures and objects of global governance are guided and backed more by the neo-imperial states’ power and their large capitalist firms. Therefore, to conclude that the core states are also weakened by the operation of global governance is to miss the point. Indeed, as Petras and Veltmeyer argue, among the neo-imperial states, “never has the nation-state played a more decisive role or intervened with more vigour and consequence in shaping economic exchanges and investment at the local, national, and international levels.”

Therefore, the prior political, military, and economic intervention of the neo-imperial states must be considered along with analysis of the expanding and deepening involvement of their multinational banks and corporations. More specifically, one of the salient features currently in the global governance process is the development of the

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neo-imperial state governments that have become servants to the interests of the capitalist class that controls the world’s approximately 37,000 MNCs. These states promote the latest incarnation of a “global free market” through influence in the WTO, IMF, and WB, forcing the rest of the world to adjust the economic structure through “market-friendly” policies, especially liberalization, deregulation, and privatization. Dicken further discusses this development as a scenario in which “the more powerful states can actually use globalization as a means of increasing their power.” In other words, those global governance products—including global or regional trade agreements, organizations, and legislation—are established for strengthening the interests of those great powers. Moreover, Panitch and Gindin even find that these neo-imperial states in the global governance mechanisms are depending on each other to manage their interests simply because their capital is, in fact, interconnected. Therefore, rivalries between the neo-imperial states are not as prevalent as they were during previous imperial periods. Ironically, the above discussions of reemerging imperialism lead to the conclusion that the effectiveness of global governance strongly relies on cooperation and negotiation between the neo-imperial great powers.

7 Ibid., 54-55.
8 Dicken, 174.
B. Reconstructed State Networks

Just as territoriality has remained significant in an era of supposed “deterritorialization,” states have remained important with the passing of the Westphalian sovereign-centric philosophy. Whatever “new world order” in global governance might be emerging in the course of reconstructed state networks, it is important to stress with Sassen that a state’s interactions have never been fixed, especially in terms of territory, authority, and rights. State networks as well as the Westphalian sovereign-centric philosophy have had to develop new capacities to address issues in postinternational politics, such as ecological change, environmental politics, electronic finance, trade regulations, immigration control, epidemic prevention, labor rights, human rights, Internet cyberspace, and global production. All those issues obviously transcend Hirst and Thompson’s explanation of the “inter-national” character of the international political economy, moving instead into relationships among a wide variety of actors engaged in global governance.

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10 Castells believes this new context changes the state form into a “network state”; see Manuel Castells, “The New Public Sphere: Global Civil Society, Communication Networks, and Global Governance,” in Manfred B. Steger (ed.), Globalization: The Greatest Hits, A Global Studies Reader (Boulder, CO: Paradigm, 2010), 268-270.
12 Hirst and Thompson contend that the “new” trend of globalization and its impact on the global economy differ little from the “previous” inter-national economy. See Paul Hirst and Grahame Thompson,
In addition, other features of postinternational statehood have included the following characteristics: “reorientations of states to serve global as well as national constituencies; adjustments to state provisions of social welfare; altered features of warfare; and increased transstate connections in regulatory processes.” All these developments have reconstructed the state networks from a sovereign-centric system to a more multi-level structure. Accordingly, even a skeptic of globalization like Linda Weiss articulates her discovery that, in the US, Germany, Taiwan, Korea, and China, interactions have been transformed by global markets and international competition from statism to governed interdependence in response to global economic governance.

Indeed it might be said that state networks are moving into increasingly dense, diverse, and multi-purpose relationships, between state and global/regional organization, state and state, state and firm, and state and global civil society.

C. Altered Epistemic Authority

The structure of knowledge is a primary facet of a social order. As constructivists have emphasized, how people understand the world is a key social question along with

13 Scholte, 193.
issues of how people bond, regulate, produce, and view space and time. Therefore, the rise of global connectivity in response to global governance has not only “encouraged some growth in anti-rationalist knowledge like religious revivalism, ecocentrism, and postmodernism” but also “promoted some shifts in ontology, methodology, and aesthetics.”¹⁵ This altered epistemic authority points to a set of specific developments alongside the mechanism of global governance: “the reorientations of individuals’ political horizons, the weaving of a global civil society, the rising power of globalizing elites, and the emergence of global informational elites in particular.”¹⁶ Accordingly, the state is losing its familiar hierarchical position in the realm of political authority. A transformed hierarchy, perhaps more multifaceted, in the mechanism of global governance is appearing, so that states participate and act as only one of many authorities. Stronger competition for the state to win back its own authority might be expected as a consequence.

**D. Remapping Identities and Loyalties**

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¹⁵ Scholte, 256.
Finally, different networks among sovereign nation-states and meanings of epistemic authority influence the way people remap their identities and loyalties, as well as mechanisms of global governance. As mentioned in Chapter One, Ferguson and Mansbach use “postinternationalism” as a concept to help capture the fact that “[a]ccelerating change is producing an increasingly complex universe of actors in global/local politics.”

Change is obviously happening much more rapidly in some realms of activity than others. Polities in global governance or, in Rosenau’s phrase, “spheres of authority (SOAs)”—such as states, NGOs, MNCs, and international institutions—coexist, cooperate, compete, and clash. “They often overlap, layer, and nest and hence share some of the same political space—territory, issues, identities, markets, and/or cyberspace,” so these polities produce their own authorities and govern within their respective and often overlapping domains. “Thus ‘governance’ exists within, across, and beyond the jurisdictions of sovereign states. ‘Global governance,’ in turn, refers to patterns of polity authority domains in the world and not only to forms of governance that are truly ‘global.’”

The revival or reconstruction of old memories and loyalties encounters a range of new polities simultaneously, and the remapping of

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18 Ibid.
19 Ibid, 539.
identities and loyalties in the context of global governance is on ongoing process. In the
field of global political economy, Cerny points out that both economic nationalism and
democratic institutions and processes have influenced the dimension of national identity
in global economic governance. As a result, “the decay of the cultural underpinnings of
the state [. . .] will be uneven, and in economically stronger states this decay is likely to
proceed more slowly than in weaker ones.”

To sum up, four major effects of global governance on the Westphalian
sovereign-centric system have been identified in current postinternational politics.
Moreover, the strength of the effects on a state are associated with the state’s power
capabilities and status in global governance structures. The discussion in the next
section will address reactions of a semi-peripheral state to such effects.

IV. The Structural Competition-State — A Semi-Peripheral State’s

Reactions to the Effects of Global Governance

While recognizing that the role and function of the sovereign-state is being
transformed, this dissertation emphatically rejects the hyperglobalizers’ claim that the

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20 Philip G. Cerny, “Globalization and the Changing Logic of Collective Action,” in Jeffry A. Frieden and
David A. Lake (eds.), *International Political Economy: Perspectives on Global Power and Wealth*
state is no longer a major player. In addition, for those more powerful capitalist
states—particularly the US, the EU, Japan, and rising China—the viewpoint from the
skeptical school can largely be adopted. The assertion is that the dynamics of
globalization heavily rely on the regulatory power and even the military capacity of the
core capitalist states (the great powers) to ensure continuing liberalization and stability of
global governance. However, other semi-peripheral states, such as Taiwan, South Korea,
Mexico, Finland, Norway, or Australia, are neither major drivers for promoting neoliberal
globalization nor simply perpetual victims that provide only raw materials and cheap
labor. In fact, they are sometimes able to shape their global positions in international
and domestic issues to serve their own perceived interests, although each of them tends to
have less economic and political autonomy than core capitalist states. In this regard,
this dissertation argues that they are best categorized as a structural competition-state,
characterized by its (1) relatively healthy position in a given political-economic structure,
(2) shared sovereignty and responsibility for more cooperation, (3) greater competition in
interaction with other states, and (4) swelling container for more spatiotemporal
memories in the relations among governments, firms, and citizens within the broad
context of global governance.
A. The Structural Competition-State as an Agent Functioning for Global Governance Missions

It is evident that virtually all states are affected by globalization in spite of different scales of impact. Many states also actively participate in global governance programs that have a wide variety of effects. Especially, as Gritsch explains, “The US and the G-7’s other dominant members design and establish the international trade agreements, organizations, and legislation that support and govern the trans-border investments, production networks, and market-penetration constitutive of contemporary economic globalization. Advanced capitalist states, particularly, use these political instruments to shape international economic decision-making and policy in their interests.”

As a result, semi-peripheral states are becoming more like rule-takers than rule-makers; they are highly affected by these governance frameworks established by the core states and are certainly not steering them. They are thus effectively well-functioning agents that facilitate and implement global governance policies guided by the great powers.

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B. The Structural Competition-State as a Collaborator with Shared Sovereignty and Responsibility

Participation in the global governance agenda is theoretically voluntary and limits states’ autonomy, yet as we have noted, powerful capitalist states tend to be less constrained. At the same time, many other states have still eagerly sought to join due to the increasing credibility of commitments and costs of non-participation. Such states are more willing to collaborate with other states to achieve specific political, economic, and financial goals. Collaborations take many forms according to different objectives, but there has been an increasing tendency “to develop political-economic relationships at the regional scale through regional integration agreements (RIAs)” Dicken asserts that all regional collaborative arrangements are based on the principle of preferential trading arrangement (PTA), which enables states to agree on providing other members of the regional trading bloc preferential access to their national markets. The leverage of PTAs encourages regional states to collaborate in liberalizing trade between members while simultaneously discriminating against third parties. As previously noted, three regions reflect such development, including Europe (the EU), North America (the

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23 Dicken, 187.
NAFTA), and East Asia (the APT). The cooperative learning process even encourages states to rethink security policies,\textsuperscript{24} sometimes collaborating with great powers rather than unilaterally relying on traditional military force to defend their own territories from external attack.

C. The Structural Competition-State as a Competitor in Interaction with Other States

States collaborating through RIAs and PTAs also simultaneously pursue national competitive advantages. As regional projects advance in the ASEAN, for example, the bargaining power of each of these Asian countries is increasing and to that extent off-setting the relative economic standing of the US and European powers. Indeed, states are learning to use governance mechanisms beyond the state as a forum for negotiation and means to attain their specific objectives. Global governance has a two-sided quality: It establishes a platform for states to cooperate while, at the same time, gives them an opportunity to maximize some of their own interests. In the architecture of global economic governance, states compete to enhance their own global trading position, allowing them to capture as large a share as possible of the gains from trade.

\textsuperscript{24} Ferguson and Mansbach, \textit{Remapping Global Politics}, 28-29.
As Cerny indicates, the states are in competition with each other, just like firms competing with other firms. He concludes that a changing logic of political globalization has not only developed a more “plurilateral” structure for global governance but also transformed the nation-state into a “competition-state.” Michael Porter introduces his famous “diamond” model to illustrate that national competitive advantages are created through the mutual global and local reinforcing processes of a country. According to his theory, the interaction of states can be explained as a competition game in which states are competing to attract more investment to establish their national/local production base, thereby improving their global competitive position.

To clarify this competition rule, two different reports—*The Global Competitiveness Report* conducted by the World Economic Forum since 1979 and *The World Competitiveness Yearbook* published by the IMD business school since 1989—both based in Switzerland, set up their own competitiveness factors to measure countries’ competitiveness performance.

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D. The Structural Competition-State as a Container for More Spatiotemporal Memories in the Diverse Relationships with Other Governance Actors

In addition to the interaction between states, other sovereignty-free actors in the changing global governance networks are also shaping the characteristics of nation-state. According to Castells’ findings, the new networks in the practice of global governance address “a number of major problems that evolve out of the contradiction between the historically constructed nature of the institutions that come into the network and the new functions and mechanisms they have to assume to perform in the network while still relating to their nation-bound societies.” 27 In global governance operations, the state still has its previous nation-bound stance; however, this characteristic is tempered by historic and geographic inheritance. Ferguson and Mansbach use “history’s revenge and future shock” to describe today’s postinternational politics that devaluate conventional static and supposedly universal models. The state today is confronted with simultaneous processes of fusion and fission of authority, partially generated and accelerated by the explosion of participation on the part of new authoritative sovereignty-free actors. On the one hand, historical “[i]dentities and loyalties that colonial authorities and commissars suppressed have resurfaced, adding to the artificiality

27 Castells, 269.
of sovereign boundaries." On the other hand, geographic economic integration projects also undermine the hierarchy of loyalties and even create new identities “as the significance attached to political relationships with others is altered and as context shifts.” Thus, a state’s nation-bound characteristic is continuously shaping and being shaped by external influences including its diverse relationships with other governance actors. It seems to be increasingly entangled in a world with multiple identities and loyalties. However, because “there is no single substitute for the role of the Westphalian State and no institution that can command authority or demand loyalties across the board,” the state still remains a key competitor for those loyalties. In any event, the state as a “container” is swelling as a result of the penetration of external authorities and cultural influences from abroad as well as the evolving identities of national minorities within its own boundaries.

Figure 2-2 illustrates a summary of the four features of the structural competition-state.

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29 Ibid.
Figure 2-2. Effects of global governance and states’ reactions

Global governance causes four major effects on the state system:

Effect 1: Reemerging imperialism
Effect 2: Reconstructed state networks
Effect 3: Altered epistemic authority
Effect 4: Remapping identities and loyalties

Core powers’ reaction:
As a neo-imperial state able to shape most global governance contexts

Semi-peripheral states’ reaction:
Becoming a structural competition-state with the four following features:

Feature 1: An agent functioning for global governance missions in a given political-economic structure
Feature 2: A collaborator with shared sovereignty and responsibility
Feature 3: A competitor in interaction with other states
Feature 4: A container for more spatiotemporal memories in diverse relationships with other governance actors

Peripheral states’ reaction:
As a victim providing only raw materials and cheap labor

Source: Created by the author.
As will be examined in the following chapters, the Taiwanese case further demonstrates how a semi-peripheral state operates in the postinternational era. Its sovereign-centric idiosyncrasy has been transformed into a structural competition-state for re-engagement with a globalizing world.
Part II

The Case of Taiwan

The following four chapters will examine the case of Taiwan from two perspectives. First, because Taiwan’s globalization process is significantly related to its external pressures from international power structures and internal experiences of democratization and Taiwanization, Chapters Three and Four will carefully review both the outward and inward factors. Second, based on the theoretical foundations built in Chapters One and Two and the current globalization conditions discussed in Chapters Three and Four, three different trajectories for forecasting Taiwan’s globalization scenarios will be investigated in Chapters Five and Six. The evidence of Taiwan’s globalization practices leads to the conclusion that Taiwan is more likely to become a structural competition-state (based on postinternationalism) than become a national welfare state (economic nationalism) or a pure competition state (liberalism).
Chapter Three:

Accelerating the Integration of China with its One-China Principle into Global Governance Mechanisms—An Analysis from Structural Power

I. Introduction

Since May 2008, when President Ma Ying-jeou and his Kuomintang Party (KMT) returned to power in Taiwan after eight rocky years of Democratic Progressive Party (DPP) rule, led by former President Chen Shui-bian, tensions across the Taiwan Strait have been greatly reduced, resulting in continuing improvement in Cross-Strait relations. In the past four years, Taiwan and China have not only resumed their negotiation agenda but have also signed fifteen agreements, largely covering direct Cross-Strait flights, the opening of Taiwan’s doors to Chinese tourists, food safety, product inspection, financial supervisory cooperation, mutual judicial assistance, joint combating of crime, cooperation in medicine and pharmaceuticals, and trade agreements on an Economic Cooperation Framework Agreement (ECFA). Although these advances have been made in gradually normalizing and institutionalizing Cross-Strait relations, the most difficult yet critical issue to resolve in Cross-Strait relations still remains: The discussion of
Taiwan’s international space has shown little change during President Ma’s pragmatic approach towards China.¹

Several examples demonstrate that Taiwan’s freedom of action in international space continues to be threatened and eroded. The first incident occurred during the Venice Film Festival, when a Taiwan-made film *Seediq Bale* (賽德克巴萊), was wrongly listed as a product made by “China, Taiwan” for its 2011 Golden Lion nomination in July 2011. This label erroneously signaled that the film was made by Taiwan in cooperation with China and immediately led to a diplomatic row. Although this politically sensitive incident caused the Taiwanese government to lodge a protest letter with the organization, the response was indifference. In fact, this was not the first time Taiwanese films had been wrongly listed in international film events due to the One-China Principle being strictly followed by most organizations. Similar protests occurred when Ang Lee’s *Lust, Caution* (Se jie, 色戒) was wrongly attributed to “Taiwan, China” at Venice in 2007 and also when the Chinese delegation pulled out of the 23rd Tokyo International Film Festival in 2010 after the host refused to call the Taiwanese delegation “China’s Taiwan” or “Chinese Taipei.”

Another incident happened in the Philippines, again due to different understandings of the One-China Principle. On December 27, 2010, China cooperated with the Philippines to form a joint task force that made a raid in Manila and arrested 14 Taiwanese and 10 Chinese international racketeering suspects. Then, in February 2011, the Philippine government decided to deport the 14 Taiwanese suspects to China in accordance with its understanding of the One-China vision. The Chinese government also believed a China-Taiwan agreement on judicial assistance and crime fighting gave it authority to deal with these 14 Taiwanese suspects on the mainland. Nevertheless, through a different understanding of the deportation case as a legal issue instead of a political one, Taipei soon lodged its strongest protest against Manila’s “improper” application of the One-China Principle. While threatening the Philippine government with retaliatory measures, including visa application restrictions on Filipino workers, the Taiwanese government feared this case could cause a domino effect in the global community, misleading other countries into considering Taiwan as part of the PRC (People’s Republic of China).

The latest dispute arose from Taiwan’s participation in the International Health Regulations (IHR), a framework under the World Health Organization (WHO) designed to control the spread of global diseases. This process also indicated that the application
of the One-China Principle constrained Taiwan’s international space. Leaked in May 2011, a 2005 WHO internal memorandum instructed that under the One-China Principle, in a strictly enforced consensus that existed within the United Nations (UN) since 1971, Taiwan was referred to as “a province of China” or “Taiwan, China” and deemed ineligible to join the IHR. Although the Taiwanese government later showed an invitation letter sent out by the WHO referring to Taiwan as the “Chinese Taipei” party to the IHR, there was still a political brouhaha over the question of whether Taipei needed to accept Beijing’s sponsorship on a year-by-year basis, in essence subjecting Taiwan to the PRC and surrendering its sovereignty.

These recent cases demonstrate that Taiwan still finds difficulty in leveraging improved Cross-Strait relations to expand its international space as freely as it expects. On the contrary, they signal China’s ever-growing power to define the status quo of Taiwan, with the One-China Principle accordingly becoming more dominant in interpretation of the currently improved Cross-Strait relations. This chapter therefore argues that Beijing’s longstanding One-China Principle will be further advanced as China’s power and participation continue to expand in global governance mechanisms, forcing Taiwan to be pulled into orbit around China.
The analysis will consist of the following four parts. First, while many IR studies have already explained how and why various countries exercise power in international politics, these achievements will be examined in relation to the One-China Principle. Second, power politics in the application of the One-China Principle to different One-China policies will be illustrated. Third, because globalization has involved China more deeply in international society, Beijing’s increasing influence on global and regional development will be demonstrated to explain stricter application of the One-China Principle to global governance institutions. Lastly, we reconsider not only the Taiwan issue but also the possible impact of a rising China on power theory in the era of globalization.

II. Rethink about Power Resources from the IR Debates

For the theoretical framework, this chapter analyzes qualitative data to reconsider an important international relations (IR) theory debate about power, which has been studied largely only in terms of interactions between powerful countries, instead of considering social relations between the state actors and governance systems examined here.
In the IR field, the condition of international anarchy provides a background both for international orders and domestic political processes. Nonetheless, Hedley Bull insists that an “international society” still exists, based on states’ common interests and values, insofar as states “conceive themselves to be bound by a common set of rules in their relations with one another, and share in the working of common institutions.” To ensure proper function of these common rules in the anarchical society, he asserts that five institutions—including the balance of power, international law, the diplomatic mechanism, the managerial systems of the great powers, and war—shape a set of habits and practices towards realizing common. Although Bull also proposes some possibilities for a reformed state system, a country’s strength or power still remains the first priority for building international orders, resulting in general collaboration among the great powers for the maintenance of balance.

Hans Morgenthau sets the stage for this discussion with his definition of power, which is “man’s control over the minds and actions of other men.” In the field of international politics, “armed strength as a threat or a potentiality is the most important material factor for the political power of a nation.” From this perspective, not only is

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3 Ibid., 74.
military power emphasized in power politics, but the concept of power also plays a role in one country’s ability to control other countries and to shape a set of favorable international orders. This perspective is also shared by John Mearsheimer, who claims a state’s “[p]ower is based on the particular material capabilities that a state possesses.”

For Mearsheimer, although two forms of power—latent power and military power—are held by states, “[i]n international politics, however, a state’s effective power is ultimately a function of its military forces and how they compare with the military forces of rival states.”

A more recent effort has seen scholars’ attempts to create a power index for measurement of a state’s strength, including its national resources (technology, enterprise, human, capital, physical), national performance (external constraints, infrastructure, ideas), and how these factors determine military capability and combat proficiency. This military-centric perspective to formulating state power draws on only one dimension of states’ relative military power, neglecting the whole picture of all relevant types of power. Because this single and biased definition is challenged in explaining postinternational global outcomes in such matters as financial crises, climate change, and

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6 Ibid.
terrorist threats, a broader consideration of power, dependent on a variety of relationships, needs to be brought into the discussion.

Inspired by Kenneth Waltz’s structural realism, Stephen Krasner uses *meta-power* to explain power in international structures. In an anarchical international system that addresses international structures, Waltz was perhaps the first scholar to posit that a “set of constraining conditions” act “through socialization of the actors and through competition among them.” Power in social relations, later expanded by Krasner, “refers to the ability to change outcomes or affect the behavior of others within a given regime. Meta-power refers to the ability to change the rules of the game. Outcomes can be changed both by altering the resources available to individual actors and by changing the regimes that condition action.” Therefore, a concept of meta-power is introduced to understand a state’s control over an outcome not via military power with direct confrontation but by meta-power that modifies the setting in which confrontation might occur. Krasner’s concept is not unique; David Baldwin also uses a relational concept to explain power. By arguing power comes out of a relationship rather than from power possession in some abstract or objective sense, Baldwin writes that, in power

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10 Krasner, 14.
relations, “societal norms function as primitive measuring rods that make indirect social exchange possible.”¹¹ In sum, for Baldwin, the study of power relations in international structures includes not only a contextual analysis of power’s multidimensional character and an understanding of the historical background of the orders but also familiarity with the societal background of the structural norms.

From a different perspective, Stefano Guzzini connects the concept of power, the establishment of international structures, and global governance.¹² He categorizes recent studies of power into three different concepts that provide a framework for the analysis of current international structures: indirect institutional power, non-intentional power, and impersonal power.¹³ *Indirect institutional power* explains that the exercise of power can be perceived in regimes’ agenda setting, which simultaneously constructs normative structures. Thus, a state needs to improve its power in a given social relationship either by quantitative improvement of relevant power resources or qualitative change in the environment that defines the relevant power resources. Second, *non-intentional power* refers to a dispositional concept that also develops in international networks but is perceived as an unintended effect of a state’s inherent character. Such

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¹³ Ibid., 450, especially.
unintended outcomes are largely attributed to an actor’s personality or hegemony that is able to shape security, trade, finance, production, and knowledge structures. Finally, *impersonal power* is not that of states but of international agents. Certain states enjoy a measure of deference because of their special positions or roles in the system and links with epistemic communities.

Guzzini’s interpretation resembles Keohane and Nye’s definition of *power*, which stresses the importance of apprehending power resources starting from a careful contextual analysis of the issue-areas, or regimes, in an interdependent world politics.\(^\text{14}\) Nye later described *power* as “the capacity to do things and in social situations to affect others to get the outcomes we want.”\(^\text{15}\) He asserts states are living “in a web of inherited social forces, some of which are visible and other of which are indirect and sometimes called ‘structural,’” therefore, identifying and focusing on these social structures, constraints, and forces is the only way to begin to analyze power.

Thus, in addition to relying only on traditional military power and capital resources, called *hard power*, Nye conceived of another form of power, *soft power*, to explain how a state might behave in the anarchic conditions of world politics. For Nye, “soft power is


the ability to affect others through the co-optive means of framing the agenda, persuading, and eliciting positive attraction in order to obtain preferred outcomes.”

Most recently, Nye advanced the idea of *smart power* to describe a state’s “ability to combine hard and soft power resources into effective strategies.”

Table 3-1 shows a comparative summary of these notions of power.

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16 Ibid., 21.
17 Ibid., 23.
Table 3-1. Notions of structural power and related concepts to the state

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<th>Structural power as the production of</th>
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<td>Indirect institutional effects</td>
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<td>Starting point</td>
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<td>Analytic point</td>
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<td>Power resources</td>
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<td>Meaning to state actors</td>
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Source: Created by the author

To sum up, power in an international society context can be seen to be a state’s ability to define societal norms and achieve its purposes or goals. Power resources thus include both material and less-tangible factors that influence institutions, ideas, values, culture, and legitimacy. Power in this sense has profoundly influenced the practical application of the One-China Principle in contemporary postinternational politics.
III. Historical Background of the One-China Principle

At the end of World War II, the government of the Republic of China (ROC), as arranged by the Cairo Declaration in 1943 and the Potsdam Declaration in 1945, legally took over Taiwan from a surrendered Japanese government and officially restored Taiwan to the Chinese territory. As a result, both Mainland China and Taiwan Island belonged to one country, the ROC, until the end of the 1940s, when the Chinese Civil War took place. In 1949, the ROC government, ruled by the KMT, lost the civil war and retreated to Taiwan; at the same time, the Chinese Communist Party (CCP) triumphantly took control of the Chinese mainland and founded the PRC. However, both the ROC and PRC governments still claimed de jure sovereignty over all Chinese territories, including Taiwan and the mainland, despite the former’s de facto administrative control being limited to Taiwan and the latter’s to mainland China. Both sides insisted on being recognized as the legitimate government of China, a situation that evolved into a diplomatic international competition to represent China. Consequently, a pact allowing only one government, either the ROC or the PRC, to represent China globally not only

18 In 1943, the Cairo Declaration stated that “all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa, and the Pescadores, shall be restored to the Republic of China.” Two years later, the Potsdam Declaration reconfirmed the Cairo Declaration on its Section Eight, which issued that “[t]he terms of the Cairo Declaration shall be carried out and Japanese sovereignty shall be limited to the islands of Honshu, Hokkaido, Kyushu, Shikoku and such minor islands as we determine.”
19 The Japanese government surrendered to the representative of the ROC government in Taiwan on October 25, 1945.
20 The PRC government was established October 1st, 1949, after a three-year civil war (1947-1949) with the KMT party.
informed the two governments’ foreign policies but also caused other political entities to establish diplomatic relations with only the ROC or only the PRC. A One-China vision became a tenet of PRC foreign policy, with the subsequent effect of moving Cross-Strait relations into a “stage of a vague legal nature – neither international nor domestic.”

This One-China vision has been consistently followed by the PRC government despite several attempts at adjustments from the ROC side, such as creating “two-Chinas” or “one-China, one-Taiwan,” starting from the 1990s. The PRC’s adherence to One-China further evolved into a political formula, the One-China Principle, indicating “there is only one China in the world, Taiwan is an inalienable part of China, and the government of the PRC is the sole legal government representing the whole of China.”

Most global agents therefore referred to the Principle to shape their diplomatic relations with the PRC and the ROC, although different understandings of the Principle still existed. Thus, the status of Taiwan remained somewhat ambiguous. We now identify four periods in the advance of the One-China Principle.

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A. Battle for Chinese Representation in the UN

After the establishment of the PRC in 1949, attempts by the Soviet Union alliance to replace the ROC with the PRC in the UN were consistently blocked by the United States (US) alliance until 1971. Then, the UN General Assembly passed Resolution 2758, by which the PRC succeeded the ROC. As a result, the PRC government was recognized as “the only legitimate representative of China to the United Nations,” and the representatives of Chiang Kai-shek were expelled “from the place which they unlawfully occup[ied] at the United Nations and in all the organizations related to it.”

This UN Resolution was thus broadly considered to be the UN’s One-China policy, which applied to all UN bodies’ membership chapters. In this policy, the PRC replaced the ROC and was recognized as the only legal government to represent China, including Taiwan. Most other non-UN-related international institutions also followed the

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23 Chiang Kai-shek was the ROC’s leader following the relocation of the ROC government to Taipei, Taiwan, in 1949 until his demise in 1975.
25 Therefore, “Taiwan” or “ROC” does not appear as a member country in all UN-affiliated agencies. Whenever Taiwan is referred to in the agencies, the designation of “Taiwan, Province of China” is used.
26 First, the International Organization for Standardization (ISO) in 1974 listed Taiwan as “Taiwan, Province of China” because the ISO accepted the UN standards, which did not recognize the ROC and considered the territory to be part of the PRC. Most countries, firms, non-governmental organizations (NGOs), and academic institutions adhered to the ISO guidelines. Second, the International Olympic Committee (IOC) in 1979 renamed the ROC’s Olympics Committee the “Chinese Taipei Olympics Committee,” thereby recognizing it only as a provincial body, and no longer allowed the use of the ROC’s national anthem and flag at the Olympic Games because the Olympic Charter allowed only independent states recognized by the international community to use their national flags, emblems, and anthems. Most sporting events referred to the IOC guidelines, which were then introduced to other international forums, events, and competitions. Third, the World Trade Organization (WTO) accepted Taiwan’s application for
UN’s One-China policy that questioned the ROC’s qualification as a legal state and, accordingly, downgraded the ROC’s status or disqualified its representatives in the institutions.

B. Rapprochement with the US

Following the ROC’s loss of a seat in the UN in 1971, more and more countries terminated their diplomatic relations with Taipei and, instead, established new ties with the PRC based on different versions of the One-China policy that were appearing in their own communiqués. Following Nixon’s secret talks with the PRC leadership in Beijing in 1972, the US—the main ally and supporter of Taiwan after the Maoist Revolution—also adjusted its policy statements on its understanding of the One-China Principle. Three key documents explained the US interpretation of the concept of One-China that generated Washington’s own One-China policy: the Shanghai Communiqué of 1972, the Normalization Communiqué of 1979, and the August 17 membership as the government on behalf of “the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu” in 2002. This flexible application bypassed the issue of sovereignty because mostly the WTO still adhered to the UN standards but also allowed membership as a “customs territory.” However, “Chinese Taipei” is used very often when official documents within the WTO refer to the “the Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu.”

27 The Canada-PRC Joint Communiqué (1970) stressed Canada “takes not of” Beijing’s One-China position, stating that Taiwan is part of the PRC. In the United Kingdom (UK)-PRC Joint Communiqué (1972), the UK used the term “acknowledges” and in the Japan-PRC Joint Communiqué (1972), Japan preferred the terms “understands and respects” the PRC’s One-China version.
Communiqué (on arms sales) of 1982. In the Shanghai Communiqué, the US declared that it “acknowledges” that “all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves.” The Normalization Communiqué reaffirmed the US acknowledgement of “the Chinese position that there is but one China and Taiwan is part of China.” Another Communiqué written in 1982 further mentioned that the US “has no intention of infringing on Chinese sovereignty and territorial integrity, or interfering in China’s internal affairs, or pursuing a policy of ‘two Chinas’ or ‘one China, one Taiwan.’”

These three communiqués gradually constructed the extent and limits of the US acceptance of the One-China’s concept in the following six points: First, the US One-China policy was initially meant to help settle or resolve the Taiwan status; second, the US emphasized the process of peaceful resolution rather than the outcome (unification or independence) of Taiwan’s future; third, the US only “acknowledged” the

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29 For the Shanghai Communiqué, see http://www.taiwandocuments.org/communique01.htm
30 For the Normalization Communiqué, see http://www.taiwandocuments.org/communique02.htm
31 For the August 17 Communiqué, see http://www.taiwandocuments.org/communique03.htm
One-China position on both sides of the Taiwan Strait; fourth, the US did not “recognize” the PRC’s sovereignty over Taiwan; fifth, the US did not recognize Taiwan as a sovereign country either; and finally, the US considered Taiwan’s sovereign status to be undetermined. Although influenced by the PRC’s One-China Principle, the concept of the US One-China policy was then followed by most other countries, making “Taiwan the most renowned example of an unrecognized state or an entity sui generis.”

C. The End of the Cold War and the Tiananmen Crackdown

Although internationally the original strategic purpose for US-PRC rapprochement faded with the end of the Cold War in the late 1980s, the PRC’s Tiananmen crackdown of 1989 dramatically presented the limits to domestic political change on the mainland. Both incidents of the end of the Cold War and the Tiananmen crackdown, therefore, lay the groundwork internationally for a reconsideration of the PRC’s essential Communist Party and authoritarian regime, consequently contributing to China’s slowed integration process into the outside world after the late 1980s. However, also beginning in the late 1980s, Taiwan’s political liberalization and democratization proposed a new basis for the

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32 Hsieh, 63.
ROC’s legitimacy, which was rooted in Taiwan and altered the dynamics of the One-China competition. A new voice arose to push for changes in the One-China policy.\(^{33}\) Not only did former Taiwan President Lee Teng-hui (1988-2000) re-characterize Cross-Strait relations as “special state-to-state ties” in 1999, followed by former President Chen Shui-bian’s (2000-2008) “one country on each side” of the Strait in 2002, but also some US Congressmen in 2004 even joined the debate by critically questioning the US’s One-China policy in a strong defense of democracy in Taiwan.\(^{34}\) All these moves were perceived by Beijing as promoting Taiwan independence, causing an Anti-Secession Law to be passed by the Chinese government in March 2005, the first time ever that China’s One-China Principle was officially upheld by a law. The Anti-Secession Law, Article 2 claimed “[t]here is only one China in the world. Both the mainland and Taiwan belong to one China. China’s sovereignty and territorial integrity brook no division. . . . Taiwan is part of China. The state shall never allow the ‘Taiwan independence’ secessionist forces to make Taiwan secede from China under any name or by any means.”\(^{35}\)

\(^{33}\) Kan, I.


D. The 2008 Olympic Games and Financial Crisis

Global attention, however, to some extent switched from China’s hesitancy in political reform to its rapid economic growth, reinvigorating Chinese integration into the international community. The 2008 Olympic Games held in Beijing was a milestone in China’s reputational recovery, which unexpectedly was prolonged by the financial crisis later the same year. A more integrated China with more stakes in global governance leveraged its stronger bargaining power to influence Taiwan’s China policy. Taipei, in 2008, itself confronting a more difficult economic and political environment, revived its previous vision of the One-China policy—the 1992 Consensus—in order for Taiwan to be compatible with a different global structure that admitted, even urged, China’s deeper participation in global political and financial governance. Despite several remaining disputes concerning the legitimacy of the 1992 Consensus in Taipei’s politics, the Consensus, presented as the KMT’s version of One-China, was created to protect the

36 The 1992 Consensus was a conclusion reached by a meeting between Taipei’s Strait Exchange Foundation (SEF) and Beijing’s Association for Relations Across the Taiwan Strait (ARATS) held in Hong Kong, October 28-30, 1992. These two quasi-official agents agreed to disagree on the meaning of “One China,” indicating “One China in two different interpretations,” namely, “ROC” in Taipei and “PRC” in Beijing. Although, in later years, the two sides continued arguing the legislative existence of the Consensus, in a March 26, 2008, phone call with former US President Bush, PRC President Hu Jintao agreed to restore Beijing-Taipei consultation on the basis of the 1992 Consensus, with both sides recognizing One China but agreeing to different definitions. See Kan, 45.

37 Taiwan’s main opposition party, the DPP, adopted the Party Charter on Taiwan Independence and, therefore, challenged any One-China policy, including the 1992 Consensus.
ROC Constitution,\textsuperscript{38} which also rested on the underlying hypothesis of “One China.”

The KMT asserted that recognition of the One-China vision would not damage the ROC’s perceived interests; on the contrary, that it was “imperative to support that principle” under the ROC Constitution.\textsuperscript{39} The 1992 Consensus, resulting from correspondence between Taipei and Beijing in 1992 in Hong Kong, had partly adopted the One-China Principle, concluding that “both sides recognized that there is only one China but they are entitled to have different verbal interpretations of its meaning.”\textsuperscript{40}

From the ROC’s perspective, the 1992 Consensus agreed on the One-China vision but disagreed with the “China” referred to, which was Taipei’s ROC instead of Beijing’s PRC. That is, “One China with different interpretations,” as expressed by Taiwan’s current One-China policy.

To sum up, along with the PRC’s integration process, the One-China Principle has gradually concerned most international organizations and state actors, all of which have their own One-China policies according to their different understandings. Despite the PRC’s rigid and unequivocal One-China Principle, many agents’ One-China policies have continued to be vague on the sensitive question of One China. At the same time, their

\textsuperscript{38} The ROC Constitution, drafted by the KMT, was adopted on December 25, 1946, when the central government was still based in Mainland China.
\textsuperscript{39} Ying-jeou Ma, “Taiwan’s Approach to Cross-Strait Relations,” Working Paper of the Aspen Institute (January 2003), 37, \url{http://www.ciaonet.org/wps/may01/may01.pdf}
\textsuperscript{40} Ibid., 30.
ambiguous approach to interpretations of One China has continued to allow for transformation of their One-China policies in accordance with PRC’s rising power.

**IV. Structural Power from a Rising China and the One-China Principle**

Since 2008, the success of the Beijing Olympic Games and especially the global financial crisis have had a widely perceived impact on global power structures. As Western hegemony appears to many to be declining due to sovereign debt and credit problems, the leadership in Beijing grows more confident in dealing with the effects of global financial turmoil at home, and some have suggested that a rising China ought to play a more important role in building new financial governance structures globally.

Altman observes that China’s unique capitalist-communist developing model, with its relatively insulated financial system, has been almost unscathed in the crisis. If measured only by foreign reserves—admittedly a rather unorthodox standard—China has already become the world’s wealthiest state. These reserves not only facilitate Beijing’s short-term efforts to successfully stimulate domestic economic growth for easing global turbulence in China but also empower China to propose new rules and institutions globally for long-term political-economic architecture. These new frameworks

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introduced by China for the development of global governance have systematically pulled other agents’ One-China policies towards the PRC’s One-China version. Three categories borrowed from Stefano’s idea of structural power, as mentioned above, can explain this evolution.

A. Indirect Institutional Power and the One-China Principle

One explanation of structural power from Guzzini’s idea is that a state must either improve its relevant quantitative power resources or change the qualitative agenda setting to redefine relevant power resources so as to establish a favorable international structure. Therefore, the following discussion will focus on China’s increasing power in the financial institution-building process.  

First, China has the leading seat of voting power in the newly regional financial governance architecture. After the 1997-1998 Asian financial crisis, the countries of East Asia shared a common need to promote regional financial cooperation to ameliorate their financial problems. In May 2000, the Association of Southeast Asian Nations Plus Three (ASEAN+3 or APT) Finance Ministers’ Meeting accordingly announced the Chiang

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42 China’s mounting military strength could be discussed as well. However, due to limited and non-transparent academic resources, this topic is mentioned rarely in the analyses.
Mai Initiative (CMI),\textsuperscript{43} which included the multilateral Asian Monetary Fund (AMF) to better fend off a financial crisis. In May 2008, after years of conversation, finance ministers from the APT countries agreed to establish a US$80 billion emergency fund; later, in February 2009, this fund was increased to a foreign exchange reserves pool worth US$120 billion. This was a huge step in building the AMF, to which both China\textsuperscript{44} and Japan contributed 32 percent, or US$38.4 billion each for the US$120 billion pool, and 16 percent, or US$19.2 billion, was contributed by South Korea, with the remaining 20 percent, or US$24 billion, picked up by the ten members of ASEAN.

This arrangement indicates how far China has come since the beginning of its charm offensive during the Asian crisis one decade ago. China’s rise and consequent eclipse of the Japanese influence on regional economic cooperation were simultaneously on display, and the US was not involved. Compared to the other regional institutions China had joined earlier, like the Asia Pacific Economic Cooperation (APEC) and the Asian Development Bank (ADB), China’s presence—as well as its potential voting weight as a ratio of that of other powers, especially the US and Japan—has increased from under half to near parity, according to the AMF arrangement. The same story of


\textsuperscript{44} US$34.2 billion came from the Chinese mainland and US$4.2 billion from Hong Kong, China.
China having an increasingly larger say also appears in global financial mechanisms, especially in the World Bank (WB) and the International Monetary Fund (IMF).

In the WB, after its then President Robert Zoellick in 2008 appointed the first Chinese economist Justin Yifu Lin as the senior vice-president and chief economist, the Development Committee under the WB further approved the voting power reform plan in April 2010, again recognizing China’s rising economic power. This reform shifted three percent of the voting weight from developed countries to developing countries so that a combined share of voting weight from the latter grew from 44 percent to 47 percent. China, as a country from the developing camp, therefore increased voting power in the WB from nearly three percent to more than four percent. This move promoted China from the sixth largest shareholder to the third largest, behind only the US and Japan.

Similar developments also happened in the IMF. In November 2010, the IMF approved a historic reform proposal to boost the voting power of large emerging economies, elevating China above Germany, France, and Britain into the fund’s third spot behind the US and Japan. According to the proposal, China’s quota share in the IMF rose from the previous 3.72% to 6.39%, with its voting rights increasing from 3.65% to 6.07%. This reform also enabled China to be represented at the IMF’s 24-member executive board, which had previously been occupied only by the developed countries,
such as the US, Japan, Britain, France, and Germany. In July 2011, following China’s increasing influence in the fund, the IMF for the first time appointed a deputy managing director from China. This economist, Zhu Min, was the first Chinese to sit on the IMF’s board. Along with the previous appointment of Justin Yifu Lin to the WB, these positions not only reflected recognition of China’s growing economic power in the world but also established a trend of promoting Chinese voices to the highest echelons of the Bretton Woods institutions, which had been dominated by the West and underpinned the global economic and financial order since the end of World War II.

China’s stronger economic power and higher international positions set strong precedents by improving its voting weight, giving it stronger institutional power in the regional and global financial governance institutions. In the regional financial governance structures in East Asia, the ADB, established in 1966, used to be the only monetary construction designed to strengthen financial cooperation and to promote financial mutual reliance and support for regional development and stability. A traditional construction of the ADB still allows Taiwan to retain its membership, partly due to strong support from the US——under a compromise name of “Taipei, China,”

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45 The IMF reform expanded its 24-member executive board’s membership from five countries, including the US, Japan, Britain, France, and Germany, to ten countries with the addition of China, India, Brazil, Italy, and Russia.
46 The ABD has a similarly weighted voting system, in which both the US and Japan hold the largest proportion of shares at 12.756 %, each dominating China’s 6.429 %.
which never received any new loans from the Bank after losing its UN seat to the PRC in 1971. However, a newly developing financial institution of the AMF demonstrates an opposite scenario that allows even less room for Taiwan’s participation.

Reflecting the CMI spirit, the AMF essentially operates on the basis of the regional structure of the APT, which increasingly has been a major platform for discussions of the regional integration projects to be discussed later. Given that China is an influential member in the APT structure in terms of its growing capital size, Taiwan is not and will not be allowed to join the APT because of its prerequisite of sovereignty for membership. Neither will Taiwan be allowed to join the AMF, which is based on the APT structure. This architecture clarifies the APT’s One-China position, which accordingly has been absorbed in the new Asian financial governance projects, especially the AMF.

Meanwhile, although Taiwan keeps its membership in the ADB, its member name of “Taipei, China” and its inability to receive any loans from the Bank still align with the PRC’s One-China version, in which Taiwan is subject to China, which ideally enjoys the sole privilege of loaning to “its province of Taiwan.”

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47 Although Taiwan has received no new loans since 1971, the year the PRC took over the Chinese seat at the UN, the ABD did not grant the PRC membership until 1986, “purportedly due to the increased financial burden this would entail on Bank resources, but also partly due to strong [US] congressional opposition to such a move.” See Robert Wihtol, *The Asian Development Bank and Rural Development: Policy and Practice* (New York: St. Martin’s Press, 1988), 102.


49 Four primary issues, including monitoring capital flows, regional surveillance, swap networks, and training personnel, are conducted by the CMI-related projects and coordinated by the APT members.
On the other hand, both the WB and the IMF in the global economic and financial realm show their consistency of upholding the UN standards, although US power was behind these two Washington-based groups protecting Taiwan’s membership until 1980, almost a decade after Taiwan was expelled from the UN. Membership in both the WB and IMF is based on being a UN member, a prerequisite for joining other institutions and projects within the two organizations. Thus, the PRC becomes the sole government representing “China,” including Taiwan, and whenever Taiwan is referred to in WB or IMF statements, it is by the name “Taiwan, Province of China.” Being continually subject to the umbrella of the UN standards, attached to China’s stronger voting power and higher administrative positions, both the WB and IMF show no signs of adjusting the PRC’s favored One-China policy. All these developments reveal that an emerging structure is indirectly being formed by China’s increasing institutional power that regards Taiwan’s sovereign status as subject to China so unilaterally and influentially that other governance agents even take the knowledge sources from Beijing for granted. The incidents at the Venice Film Festival (when Taiwan’s films were wrongly listed), as well

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50 Taiwan initially joined the WB and IMF as “China” in Washington, DC, on December 18, 1956, and had a share representing all of China prior to the PRC’s joining and taking both seats in April 1980, just one year after the US established diplomatic relations with the PRC. Since Taiwan was ejected, it has not applied to return.

51 Kosovo is an exception in that its applications for the WB and IMF are accepted by the US, France, Germany, and the UK, although its application for UN membership is opposed by Russia and Serbia.
as others, can therefore be attributed to this structure, which will be analyzed further in the next section.

**B. Non-intentional Power and the One-China Principle**

Non-intentional power refers to a state’s dispositional property that increasingly diffuses the global sources that non-intentionally or unconsciously contribute to the function of global structures. This unintended influence can be explained as an expression of soft power and is useful to the study in terms of interdependence relations and power operations.\(^{52}\) From this viewpoint, a brief review of China’s accelerated international trade process is necessary before a further analysis of its One-China Principle applied in global governance.

As mentioned above, the APT is becoming the main infrastructure for many East Asian regional integration projects, among which China’s interest in bilateral free trade agreements (FTAs) with the ASEAN, Japan, and Korea must be addressed to explain how deeply the region has depended on China in the APT structure. The analysis starts from the trade interdependence between China and the ASEAN. Signed in December 2004 and scheduled from July 2005, the China-ASEAN Free Trade Area (CAFTA) has been

\(^{52}\) Baldwin, 204-205, especially.
fully operative since 2010. According to a report from the ASEAN, the region covering the CAFTA is a market with 1.7 billion consumers, a regional Gross Domestic Product (GDP) of about US$2 trillion, and total trade of around US$1.23 trillion. In terms of population size, the CAFTA becomes the biggest FTA in the world. In fact, trade between China and ASEAN has risen at a dramatic pace since 2000; the total China-ASEAN trade has grown almost seven times from 2000 to 2010, as illustrated in Table 3-2 below. This index also shows the growing economic interdependence of China with ASEAN.

In addition, CAFTA’s Early Harvest Programme implemented in January 2004 and the tariff reduction programme under the normal track of the Trade in Goods Agreement begun in mid-2005 have also greatly propelled the growth of recent China-ASEAN total trade. Comparing other trading partners, Table 3-3 shows that the share of total ASEAN trade with China has grown from 2.1% in 1993 to 11.6% in 2009, making China the largest trading partner of ASEAN beyond the European Union (EU) (11.2%), Japan (10.5%), and the US (9.7%). It is also expected that the size of China-ASEAN total trade will further grow with the complete operation of the CAFTA in 2010.

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Table 3-2. China-ASEAN total trade during 2000-2008 (in US $ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Trade</td>
<td>32.3</td>
<td>31.9</td>
<td>42.8</td>
<td>59.6</td>
<td>89.1</td>
<td>113.4</td>
<td>140.0</td>
<td>171.1</td>
<td>192.5</td>
<td>178.2</td>
<td>235.7</td>
</tr>
<tr>
<td>Growth</td>
<td>-1.2%</td>
<td>34.2%</td>
<td>39.3%</td>
<td>49.5%</td>
<td>27.3%</td>
<td>23.5%</td>
<td>22.2%</td>
<td>12.5%</td>
<td>-7.4%</td>
<td>32.3%</td>
<td></td>
</tr>
</tbody>
</table>

Source of Data: ASEAN Trade Database, various issues.

Table 3-3. Share of ASEAN trade with selected trade partner countries/regions

<table>
<thead>
<tr>
<th>Year</th>
<th>ASEAN</th>
<th>CHINA</th>
<th>EU</th>
<th>JAPAN</th>
<th>USA</th>
<th>ROK</th>
<th>INDIA</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>19.20%</td>
<td>2.10%</td>
<td>14.70%</td>
<td>20.20%</td>
<td>17.60%</td>
<td>3.10%</td>
<td>0.70%</td>
<td>22.40%</td>
</tr>
<tr>
<td>2003</td>
<td>25.10%</td>
<td>7.20%</td>
<td>12.30%</td>
<td>13.80%</td>
<td>14.30%</td>
<td>4.10%</td>
<td>1.50%</td>
<td>21.70%</td>
</tr>
<tr>
<td>2008</td>
<td>26.80%</td>
<td>11.30%</td>
<td>11.80%</td>
<td>12.40%</td>
<td>10.60%</td>
<td>4.40%</td>
<td>2.80%</td>
<td>19.90%</td>
</tr>
<tr>
<td>2009</td>
<td>24.50%</td>
<td>11.60%</td>
<td>11.20%</td>
<td>10.50%</td>
<td>9.70%</td>
<td>4.90%</td>
<td>2.50%</td>
<td>25.10%</td>
</tr>
</tbody>
</table>

Source of Data: ASEAN Trade Database, various issues.
Another developing regional topic is China’s recent involvement with Japan and Korea in a trilateral FTA, which was based on a joint declaration made by the three countries’ leadership at the 2003 APT meeting in Bali, Indonesia. They agreed to conduct trilateral joint research to promote a closer future economic partnership among the three countries.\textsuperscript{54} Thus, private-sector experts have started to study the possibility of a three-way FTA. Later, in October 2009, another follow-up agreement reached by the three countries’ trade ministers proposed to expand participation for joint research by including governmental officials with the addition of the previous business and academic representatives, for a study on this possibility.\textsuperscript{55} Since then, several research projects have been conducted, and a study on the economic benefits and impacts of the possible FTA is expected to be completed in 2012.

According to an interview with a Chinese researcher from the Chinese Academy of Social Sciences, the FTA negotiations still need more mutual trust among the three countries due to their complicated historical background, although visibly significant moves have occurred thus far. He also pointed out that, if reached, this FTA will include a market of 1.5 billion consumers, representing nearly 90 percent of the APT’s total

\textsuperscript{54} For more information about the joint declaration, please see http://www.mofa.go.jp/region/asia-paci/asean/conference/asean3/joint0310.html
\textsuperscript{55} For more information about the joint study meetings, please see http://www.mofat.go.kr/english/econtrade/fta/consideration/KCJ/index.jsp
economy and 20 percent of the global economy, and will develop into the third-largest economic cooperation construction in the world, following the EU and the NAFTA, in terms of its economic size.

If attention is shifted from the APT region to the whole world, China’s construction in the FTAs indicates its interests lie more with local geographic concerns. Table 3-4 shows China’s FTA networks, which include ten signed agreements and nine proposed projects. Of the 19 networks, however, more than half of them are located in the Asian Pacific or South Asia regions, both of which are areas geographically related to China’s national security. In this regard, these developing closer trade relationships simultaneously introduce another issue of security.
Table 3-4. The free trade agreements of China

<table>
<thead>
<tr>
<th>Country</th>
<th>FTA Partner</th>
<th>Region</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>ASEAN</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>New Zealand</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Singapore</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Hong Kong</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Macau</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Taiwan</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Australia</td>
<td>Asian Pacific</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Korea</td>
<td>Asian Pacific</td>
<td>In consideration</td>
</tr>
<tr>
<td></td>
<td>Japan-Korea</td>
<td>Asian Pacific</td>
<td>In consideration</td>
</tr>
<tr>
<td></td>
<td>Pakistan</td>
<td>South Asia</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>India</td>
<td>South Asia</td>
<td>In consideration</td>
</tr>
<tr>
<td></td>
<td>Gulf Cooperation Council</td>
<td>West Asia</td>
<td>In negotiation</td>
</tr>
<tr>
<td></td>
<td>Chile</td>
<td>America</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Peru</td>
<td>America</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Costa Rica</td>
<td>America</td>
<td>Signed</td>
</tr>
<tr>
<td></td>
<td>Iceland</td>
<td>Europe</td>
<td>In negotiation</td>
</tr>
<tr>
<td></td>
<td>Norway</td>
<td>Europe</td>
<td>In negotiation</td>
</tr>
<tr>
<td></td>
<td>Switzerland</td>
<td>Europe</td>
<td>In consideration</td>
</tr>
<tr>
<td></td>
<td>Southern African Customs Union</td>
<td>Africa</td>
<td>In negotiation</td>
</tr>
</tbody>
</table>

Source of Data: China FTA Network.

Over years of reform and open policies, China has perceived its national interests as having been increasingly well incubated through integration with regional and global markets and by following the rules of international institutions. In addition, the health of China’s relationship with boundary countries, especially in the Asian Pacific region and South Asia, gives China an opportunity not only to play a more important role in the
game ruled by the traditional US-Japan alliance but also to aggressively institutionalize its own rules and interests through the economic integration process, in the FTA in particular.

It is clear that the arrangement of the FTAs, especially the signed CAFTA, has deepened China’s relationship with its neighbors and systematically enhanced its influence on the region. The gradual institutionalization of China’s economic cooperation with countries in the Asian Pacific and South Asia indicates the convergence of China’s perceived national interests with those of other nations’ and the dilution of US strategic unilateralism in Asia. Especially as the US encounters difficulty in dealing with the current economic and financial turmoil, which arose from the Western hemisphere, Asian countries are looking for regional approaches to relief. Therefore, the mutual interests of China and its neighbors, initially built on trade benefits, have been expanded to other security concerns that draw more attention to Asian regional cooperation and integration to stabilize this current Western-based financial crisis.

Apparently, Beijing is also becoming more interested in building a regional security mechanism because the Chinese are aware that, without security cooperation, economic and political cooperation based solely on the FTAs can only go so far.⁵⁶ Thus,

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⁵⁶ Yunlin Zhang, “Guanyu Dongya Hezuo de Fazhan Qianjing (Prospect of East Asian Cooperation),”
institutionalizing any regional security projects has been recommended in consultations and dialogues in several regional leader summits. Consequently, recent developments have seen China’s call for an expansion of economic cooperation and dialogue on other regional security issues by agreeing to work together with its neighbors, Japan in particular, towards establishing an “East Asian Community (EAC)” that will bring about the birth of the first regional security council.\(^{57}\) These arrangements have created a friendlier environment through the FTAs’ initiatives.\(^{58}\)

In an interview, Dr. Eric Teo Chu Cheow from the Singapore Institute of International Affairs indicates that the rise of China’s influence and power in East Asia has re-shaped this region into a new security environment that resembles the ancient Chinese tributary system, effective in China’s Ming (1368-1644 A.D.) and Qing (1644-1911 A.D.) dynasties. This tributary system is a hierarchical arrangement in which China considers itself the central heart in the region and provides tangible favors to its surrounding tributary states, which, in turn, pay their intangible respect and goodwill to the Chinese emperor.\(^{59}\) Interpreting the current East Asian development, especially

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\(^{59}\) Analysis of China’s own soft power resources and cultural attractiveness in history can also been seen at Sheng Ding (2008), *The Dragon’s Hidden Wings: How China Rises with its Soft Power* (Lanham: Lexington Books), Chapter 4, 59-74, especially.
the CAFTA, in this manner, Eric concludes that China’s better relations with its neighbors shows the re-emergence of this tributary system, which ultimately will ensure China’s security.60

Several examples verify Eric’s interpretation of China’s tributary system. The establishment of the CAFTA in southeastern Asia is now associated with the Shanghai Co-operation Organization (SCO) in China’s northwest; the arrangement of China’s FTA relationship with its southwest neighbors, like Pakistan and India; the intention of China to set up a trilateral FTA with its two northeast neighbors, Japan and Korea; and China’s interest in FTAs with two western Pacific powers, Australia and New Zealand. In this regional architecture, a multilateral safety cushion being constructed around China will resemble the posited tributary system. This arrangement is also designed to compete with potential US unilaterality in China’s neighborhood. Once these regional structures are institutionalized and favorable agreements reached, this Sino-oriented cooperation and security regime may serve as a collective constraint on potential “trouble-makers.”

60 However, some of the studies on China’s rise implicitly or explicitly address the degree to which China’s rise may worry some of its neighbors. This issue is pertinent to the power-transition theory. See, especially, Alastair Iain Johnston, “Is China a Status Quo Power?” International Security 27, no. 4 (Spring 2003), 5-56; Alastair Iain Johnston, “Beijing’s Security Behavior in the Asia-Pacific: Is China a Dissatisfied Power?” in Rethinking Security in East Asia: Identity, Power, and Efficiency, ed. J.J. Suh, Peter J. Katzenstein, and Allen Carlson, (Stanford, CA: Stanford University Press, 2004), 34-96; and Steve Chan, “Can’t Get No Satisfaction? The Recognition of Revisionist States,” International Relations of the Asia-Pacific 4, no. 2 (August 2004), 207-238.
Taiwan, from China’s view, is one of those targets. Therefore, the FTA networks represent the initial step not only in assuring China’s regional security but also in employing its strategy.

Moreover, learned from the IR theory debate, economic theories have been adopted to explain the existence of structural power in terms of the market, which is understood as constraints enforcing states to rationally calculate the costs and benefits of the alternatives for survival under conditions of international anarchy. Using this analytic approach, David Lampton argues that, during China’s deeper integration process, Beijing “has been converting its power as buyer, investor, and assistance provider and its position as a key link in global production chains into a regional leadership role that it now embraces, along with increasing power in international economic institutions.” In addition, he stresses that, because “Beijing has substantial clout stemming from its ability to dictate major domestic procurement decisions in the context of fierce international

63 Lampton, 111.
business competition," the ability of the Chinese to impose economic coercion and sanctions shows significant evidence of its leverage in influencing foreign policies.

Therefore, with more awareness of China’s growing economic and diplomatic power gained from the global attraction of China’s domestic market (and the leverage Beijing enjoys), its FTA networks with the East Asian market, its importance in key regional and international regimes, its re-emerging Chinese tributary system, and its strategic role in global production chains, most global agents stay away from China’s “internal affairs,” the Taiwan issue in particular. This situation also explains why the Philippines government, as mentioned above, attempted to woo Beijing by adopting the PRC’s One-China Principle to extradite the Taiwanese international racketeering suspects to China, instead of back to Taiwan.

Meanwhile, the recent row of China’s increasingly assertive behavior over its claim to the South China Sea has alarmed several of the ASEAN countries and tarnished the image of China’s peaceful rise. Taiwan, though stationing garrisons on two major islands of the South China Sea, still finds difficulty in taking advantage of these territorial disputes to promote Taiwan’s status and participation equal to other stakeholders in projects to help resolve the disputes. In general, two approaches have been discussed

Ibid., 66.
regarding the South China Sea issue: the ASEAN proposed multilateral forum that would utilize the existing regional institutions and the Chinese preferred bilateral negotiations among involved countries. Some parties have also suggested inviting the presence of the US military back into the ASEAN region for balancing against China. Among these, Taiwan has less room to argue its “rights” in the territorial issue because most regional institutions and stakeholders still consistently align with the PRC’s One-China Principle. Ironically, the improved Cross-Strait ties appears to have convinced all countries concerned, including the US, that Taipei is accepting the Principle and collaborating with Beijing in asserting and defending “Chinese interests” in the South China Sea.

Therefore, while Taipei shows interest in any FTA blocs or security proposals, most countries or regions show their indifference or hesitance in the applications, except the ones recognizing Taipei, largely because the FTA and security relationships both involve the temper of sovereignty. China’s leveraged resources from its better economic power, international position, and historical background apparently induce others to implicitly obey its One-China Principle, that is, to isolate Taiwan unless it submits to the

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67 So far, only four FTAs include Taiwan with five of its diplomatic allies: Panama, Nicaragua, Guatemala, El Salvador, and Honduras.
Principle. As a result, this Sino-oriented environment unintentionally causes Beijing’s One-China version to be acknowledged as an “international consensus” in most global and regional economic and security interactions, even though different versions of the One-China policy still exist in diplomatic statements. All these arrangements unintentionally and unconsciously culminate in a structure that admits only the PRC’s One-China vision. In this structure, Taiwan’s proposals for more international participation, which challenge the One-China Principle, including building and joining the FTAs and security regimes, as well as any other global supports for the movements, are categorized as trouble-making that will essentially decrease global and regional stability.\(^{\text{68}}\) China’s advantageous power resources resulting from its position in these internationally structural arrangements are analyzed in the following section.

**C. Impersonal Power and the One-China Principle**

Impersonal power, the last of the three notions of structural power, begins at the level of global governance arrangements giving certain actors unique position or roles for effectively maintaining governance functions. This positional approach to power

\(^{\text{68}}\) In a casual conversation after a symposium in 2005, a researcher from Singapore named both former President George W. Bush and Chen Shui-bian as trouble-makers because Chen took Bush’s foolhardy pledge of doing “whatever it takes” to defend Taiwan as a security backstop, encouraging Chen to appeal for more international space. That position, however, challenged Beijing’s One-China vision, resulting in regional instability.
resources argues that an internationally given and established political order tends to produce the naturalization of some powerful countries’ own arbitrariness. Given that the inherent international order benefits some great powers, it is important to address how China, as an influential power, manipulates conscious bias to affect outcomes in ways advantageous to its One-China version and exercises smart power.

Realist IR theorists and some others frequently advance their belief in balance-of-power. According to Morgenthau and Thompson, “[t]he means employed to maintain the equilibrium consist in allowing the different elements to pursue their opposing tendencies up to the point where the tendency of one is not so strong as to overcome the tendency of the others, but strong enough to prevent the others from overcoming its own.” The chief function of this principle, stemming from the logic of how states survive in international anarchy and self-help systems, is not primarily preserving international peace but stabilizing the established international system itself. Thus, the stabilization process still requires war, resulting in the scenario in which “the preservation of peace is a subordinate objective of the contrivance of balances of power.” A tendency towards a system that operates in favor of some great powers to

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69 Morgenthau and Thompson, 189.
70 Bull, 107.
partition and absorb small ones is therefore expected.\textsuperscript{71} Some read the story of European international history leading to the Concert of Europe in 1815 as showing the effects of balance of power that significantly recognizes the evolution of relations among great powers in the preservation of the international system itself. Europe’s practices in balance of power, some still today suggest, systematically contribute to the promotion of international order because the great powers have been learning to produce foreign policies that work for the order instead of against it.\textsuperscript{72}

Meanwhile, this international order in turn introduces structures conditioning the states’ behaviors in the system. As a result, in a long-term process, the expectation of the structure “is not that a balance, once achieved, will be maintained, but that a balance, once disrupted, will be restored in one way or another.”\textsuperscript{73} The consequence is largely due to broader and deeper familiarity with the principle among the actors in a competitive system in which more states are predicted to display characteristics common to their competitors, especially in interactions among great powers. That is, an international structure is established during the practice of balance of power that leads the great powers as well as the subordinate small states to “imitate each other and become socialized to

\textsuperscript{71} Ibid., 107.  
\textsuperscript{72} Ibid., 202.  
\textsuperscript{73} Waltz, 128.
their system.”

China is not excluded from the structure, for the reason that it is a great power acting for the UN Security Council, and it is also involved with the Kissinger model, the G20 (the Group of Twenty) governance model, and the potential G2 (the Group of Two) governance model, preserving the stability of the international system.

The UN Security Council is designed to maintain the balance of the great powers of World War II and has endorsed the formation of the current international power structure. According to Article 27 of the UN Charter, five countries (the Permanent Five or P5), including China, enjoy permanent membership in the UN Security Council, which grants members of the P5 veto power to prevent the adoption of any substantive draft resolution from the Council. As the Chinese representative since its succession to the ROC’s seat in the UN in 1971, the PRC has cast its veto only six times, making it the least frequent user of the veto among the P5. However, two of its vetoes were used for condemnation of the target countries’ diplomatic relationships with Taiwan, including the veto in 1997 on ceasefire observers in Guatemala and the one in 1999 on an extension of observers to the Republic of Macedonia. Both Guatemala and Macedonia recognized the ROC at the time of PRC’s vetoes. Thus, Beijing showed significant preference for

74 Ibid., 128.
75 Members in the P5 include China, France, Russia, the UK, and the US.
76 During 1946-2008, Russia/the Soviet Union used its veto 124 times, the US 82 times, the UK 32 times, France 18 times, and China 7 times (once by the ROC and six times by the PRC). See http://www.globalpolicy.org/component/content/article/102/32810.html
using its veto power on resolutions related to its One-China Principle. This preference also pointed to the PRC’s resolve to use its veto power to oppose any moves towards promoting Taiwan independence (that is, making one China, one Taiwan) or international recognition of the ROC as another legitimate China (that is, two Chinas), both of which were strongly against PRC’s One-China Principle.

This great power structure also compelled China in the 1970s to join in a strategic triangular game of great power balance and competition among Washington, Beijing, and Moscow. This structure has been called the Kissinger Model, in which China was appointed to play a strategic role in the great power concert, even though it always disavowed its great power position and instead claimed to be from the Third World camp in opposition to the other two superpowers. However, this strategically international order, largely propelled by Kissinger’s realist belief in power-balance mechanics entirely directed the international system towards “the creation of a ‘structure of peace,’ although the peace which is upheld in the structure is that among the great powers, rather than the peace of the world at large.”

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77 In the early 1970s, President Richard M. Nixon and his adviser, Henry A. Kissinger, found that international peace could be achieved by taking advantage of the US as a power broker in conflicts between Beijing and Moscow. Kissinger’s realist model of “triangular diplomacy” between the three great powers was believed to balance international power and secure world peace.

78 Bull, 298.
Once the strategic game was launched among the great power concert, any members, including China, could not “be wished away: whether there is peace or war, security or insecurity in the world political system as a whole, is determined more by the leading groups within these powers than it is by any others. While the great powers continue to be in this position, world order is better served by harmony among them than by discord.”79 As a result, moves towards negotiation and cooperation among the great powers were also expected to serve the interests of the great powers themselves instead of the interests of international society as a whole. Thus, little room was offered for the topics of democracy, human rights, economic development, and environmental justice. Due to the dynamics of the great power concert, the US was also induced to abandon its anti-communist ally, the ROC, and to recognize a communist enemy, the PRC, as consequences of the Kissinger Model throughout the whole 1970s. The PRC’s One-China Principle, therefore, was favorably considered, with little concern for friendship and justice in the structure.

This principle of balance of power and its byproduct of a concert of powers also introduce some global governance structures managed by the G-groups, especially the G20 and potential G2. Established in 1999, the G20, comprising twenty major

79 Ibid., 298-299.
economies,\textsuperscript{80} has become the main economic council, managing (or at least attempting to manage) about 85 percent of the global economy.\textsuperscript{81} China is also included in the group and always expected to have a wider role in the governance structure due to its being, today, the second largest economy with growing fiscal and foreign exchange surpluses.

Meanwhile, another governance structure, the G2, considering a special relationship between today’s two largest powers of the US and China, has been proposed according to the theory of the great power concert. Despite rare governmental statements released from officials of both powers, the proposal of the G2 has arisen primarily in US academic circles, especially advocated by three former US national security advisors, Henry Kissinger, Zbigniew Brzezinski, and Brent Scowcroft,\textsuperscript{82} an influential US historian, Niall Ferguson,\textsuperscript{83} and two WB economists, Robert Zoellick and Justin Yifu Lin.\textsuperscript{84}

These academics’ opinions indicate that the stability of global affairs requires a cooperative partnership between the two great powers; therefore, without a reliable G2
structure, efforts from all other global governance mechanisms, including the G20, will not be productive. Issues subordinate to the promotion of a better G2 structure will be handled only to satisfy the two great powers’ own interests so as to safeguard the larger interests of their relations: a structure of peace and stability. The Taiwan issue, which always concerns China’s core interests that have been a main obstacle to US-China relations, is expected to be resolved by this great power concert in accordance more with the promotion of special interests of the great powers than of Taiwan. By following the balance-of-power doctrine, a tendency towards a great-power-governance structure that functions in favor of the preservation of the two great powers’ interests is expected while Beijing’s arbitrariness in its own One-China vision for the Taiwan issue is made acceptable by the governance structure. This structure also explains why China had the ability to raise the WHO internal memorandum dispute over the Taiwan issue with only limited global objection, as mentioned above.

To summarize, the qualitative analytic process has demonstrated China’s structural power is significantly promoted not only because of its growing hard and soft power but also because of its position in the great-power-governance structure.

V. Conclusion
By focusing on the three concepts of structural power, the theoretical survey facilitated analysis of the social relations between state actors and the structure of governance institutions. The conclusion is that the operation of structural power lies both in the social relationships of the agents and in the systematic norms resulting from the consequences of these agents’ interactions. For state actors, while each is eager to build its own structural power capacity in the social relations of global governance, these interactions also drive social norms for agenda setting that privilege some specific great powers. Thus, this dyadic analysis demonstrates that the social relations of global governance have fostered the great powers’ actual capacity in a bargain; however, their increased capacity is also needed for the governance mechanisms to function well. Resources for the pursuit of structural power are not only gained by the great powers but also given by the governance structure.

The case of China’s growth in structural power with the advance of its One-China Principle also pragmatically verifies the perspective of power reserved in global governance while suggesting Taiwan has been effectively marginalized diplomatically and economically. It is better to recognize this shift as part of globalization than to ignore it. How to accept it, however, is another question for those who study global affairs and will be discussed in the later chapters.
Chapter Four:

Pursuing the Path of Globalization—The Transformation of the Taiwanese Government and Society after World War II

I. A Review of Taiwan’s State Apparatus after World War II

The evolution of the modern Taiwanese government can be traced to the end of the Second World War, before which Taiwan had been dominated by the Japanese colonial regime. After Japan surrendered on August 15, 1945, Taiwan became booty of the War. Following the arrangement of the Cairo Declaration and the Potsdam Declaration drawn up by Allied leaders, Taiwan was retroceded to China, now under the Kuomintang (KMT) government, whose leader was Chiang Kai-shek. Then, the Chinese Civil War, Korean War, and Vietnam War shaped the destiny of Taiwan within the bipolar Cold War structure.

Near the end of 1949, when Chiang Kai-shek fled from the Chinese mainland and arrived in Taiwan with his million mainland follower and troops, most countries, including the US Truman administration, anticipated that Chiang’s days were numbered as the Chinese Civil War was approaching its conclusion. However, two following regional wars changed the course of history that was, at that time, expected to allow for
the Chiang regime’s continuing viability in Taiwan. The Korean War, beginning in June 1950, came as the first turning point in the region. During this war, the KMT regime was extended in Taiwan domestically and internationally. This development was largely attributed to the resumption of the US economic and diplomatic support, through which the KMT state apparatus in Taiwan, *de facto*, as well as its statehood as China, *de jure*, was sustained. The second turning point came with the formal partition of Vietnam in 1954. After that time, a signed security agreement, the US-ROC Mutual Defense Treaty, institutionalized the US security commitment to protecting the KMT regime in Taiwan. Consequently, “a new security demarcation in East Asia gave the KMT party a historic chance to consolidate a one-party authoritarian regime on the new social soil of Taiwan.”

A. A One-party Authoritarian Regime during the 1950s to the 1970s

The KMT’s re-organizational task was based on Chiang’s proclamation of a general state of siege in Taiwan in May 1949. The implementation of martial law started to broaden and deepen the KMT regime’s command over Taiwan while the 1947 ROC Constitution was suspended.  

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2 The ROC 1947 Constitution could not be abolished, only suspended, because it legally supported the KMT’s legitimacy internationally. This document also embodied the KMT’s One-China vision, namely the ROC in Taipei, which was recognized by most great powers until the 1970s.
Articles, which were enacted under the rubric of “During the Period of Mobilization and Combating Rebellion.” All the mechanisms then formally ushered Taiwan into a permanent status of emergency. The scope of these political arrangements superseding the Constitution was gradually broadened with a series of special legislation during the 1950s to 1970s. Ultimately, these political arrangements provided the authoritarian regime with extensive emergency powers; invalidated the two-term limit on the presidency; suspended the re-election of the three national representative bodies—the National Assembly, the Legislative Yuan, and the Control Yuan—while extending the tenure of their incumbent members for life; and deferred the local elections for provincial and municipal heads indefinitely.

Meanwhile, at the grassroots level, elections for township head were steadily conducted by the KMT, including the county/city council and county/city magistrate in 1950 and the popular election for the Taiwan Provincial Assembly in 1954. These moves were designed to incorporate Taiwan’s local elites into the process of KMT’s party building and to provide the authoritarian system with a modicum of a democratic face. Two tactics ensured the KMT’s authority during the elections. First, an old trick of “divide-and-rule” was employed by the KMT leadership, which controlled a limited popular electoral process. Second, the authoritarian regime was gradually creating its
own patron-client networks or mobilizing existing networks within each administrative
district below the provincial level. As a result, at least two competing local factions
would be nurtured and kept by the party to strive not only for public offices and other
electoral offices in many quasi-state organizations, including farmers’ associations and
irrigation associations, but also for a share of region-based economic rents in the
non-tradable goods sector, such as construction, infrastructure, and governmental services.
This arrangement systematically safeguarded both tangible and intangible resources
distributed by the party-directed local spoils system.3

From this structure, a mutual dependence between the local factions and the central
party was ripening. Chu and Lin’s analysis vividly articulated the reciprocal process:

On the one hand, the smooth functioning of the vote-buying mechanism,
irregular campaign practices, and the local spoils system depended on the
indulgence of the various state regulatory and law-enforcement agencies,
which were under the influence of the party. On the other hand, the
patron-client networks helped the party to extend its reach into local
communities. Also, the fierce competition among the factions crowded

3 See Joseph Bosco, “Taiwan Factions: Guanxi, Patronage, and the State in Local Politics,” Ethnology 31,
no. 2 (April 1992), 157-183.
out opposition candidates in local elections. On top of this, the central leadership could claim the overall electoral victory delivered by disparate local factions.\(^4\)

To the end, the results of Taiwan’s elections presented a picture of more than two-thirds of the popular vote, as well as at least three-quarters of the elected positions, being supportive of the KMT regime, especially at the level of county magistrate and provincial assembly (see Table 4-1). These patron-client networks thus efficiently brought to bear the influence of both the KMT party and its affiliated local factions on Taiwan’s elections for more than three decades until Taiwan’s nationwide democratization in the late 1980s.

\(^4\) Chu and Lin, 115.
**Table 4-1.** KMT shares of votes and seats in provincial assembly and county magistrate/city mayor election (1954-1994)

<table>
<thead>
<tr>
<th>Year</th>
<th>Taiwan Provincial Assembly elections</th>
<th>County Magistrate/City Mayor elections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KMT’s share of votes (%)</td>
<td>KMT’s share of seats</td>
</tr>
<tr>
<td>1954</td>
<td>68.8</td>
<td>48 (84.21%)</td>
</tr>
<tr>
<td>1957</td>
<td>67.8</td>
<td>53 (80.30%)</td>
</tr>
<tr>
<td>1960</td>
<td>65.4</td>
<td>58 (79.45%)</td>
</tr>
<tr>
<td>1963</td>
<td>68.0</td>
<td>61 (82.43%)</td>
</tr>
<tr>
<td>1964</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1968</td>
<td>75.5</td>
<td>60 (84.51%)</td>
</tr>
<tr>
<td>1972</td>
<td>68.9</td>
<td>58 (79.45%)</td>
</tr>
<tr>
<td>1977</td>
<td>64.1</td>
<td>56 (72.73%)</td>
</tr>
<tr>
<td>1981</td>
<td>70.3</td>
<td>59 (76.62%)</td>
</tr>
<tr>
<td>1985</td>
<td>69.8</td>
<td>59 (76.62%)</td>
</tr>
<tr>
<td>1989</td>
<td>64.0</td>
<td>55 (71.43%)</td>
</tr>
<tr>
<td>1993</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1994</td>
<td>51.0</td>
<td>48 (60.76%)</td>
</tr>
</tbody>
</table>

Ave. 66.7 76.78% - 66.2 82.74% -

Source of Data: The Political System and Change Workshop, Department of Political Science, National Taiwan University
Furthermore, during the exercise of these patron-client networks, a structural symbiosis existed between the KMT party and the state machine. Three levels of the state-building process demonstrated this symbiosis. First, state and party were merged as one through organizational sectors and personnel employees. Second, mutual dependence between the state and the party functioned in two main areas. On the one hand, the KMT party had an exclusive role in coordinating disparate arms of the state. This mechanism was designed to uphold the ideological coherence of the state machine through a political process of elite recruitment and training programs. All appointments and promotions to positions of senior governmental officials and military officers were guided by this system. On the other hand, access of social actors to the state machine was also controlled by the KMT party, which heavily relied on the resources and coercive power provided by the state machine. Under this arrangement, KMT’s institutional prerogatives were efficiently preserved, and the KMT was able to quash any attempt to form alternative power blocs. The implementation of martial law also strengthened the party’s security authority’s ability to suppress any kind of political and social stirring. Thus, the KMT party had the privilege of controlling the organizations in Taiwan as an intermediary. This party even dominated the selection of leadership for all state-sanctioned corporate organizations and the organizational links across different
social sectors. In addition to the existing state-owned enterprises, a vast array of party-owned businesses was also established and run by loyalist mainlanders, largely for political and economic security reasons.

The third level in the state-building process was the legitimized symbiosis of the KMT and the state machine, through which the one-party authoritarian regime legally supported the function of the state system and vice versa. This symbiosis was largely attributed to the ideological belief in the One-China totem, which claimed that (1) there is only one China, (2) Taiwan is part of China, and (3) the ROC government is the sole legitimate government representing the whole of China. Therefore, the KMT party claimed an exclusive privilege to sustain the ROC regime domestically and internationally. This One-China formula justified not only a political system of extra-constitutional legal arrangements and emergency decrees but also the revolutionary mandate of the KMT party. However, the failure in correspondence between the ROC’s de jure jurisdiction in China and its de facto one in Taiwan in this One-China vision destined that vision to being transitory. The émigré regime gradually lost its legitimating support in its precarious claim to Chinese sovereignty. For example, Beijing also held the same claim according to the One-China Principle but, based on the
PRC regime,⁵ was unceasingly challenging the ROC’s sovereign status; as a result, the ROC was forced to face its Chinese sovereign retrocession, especially in the international field, as discussed in Chapter 3.

The initial historic background and international structure, as well as the institutional arrangements of the one-party authoritarianism, positioned Taiwan for later adaptation, evolution, and eventual transition. First, during the 1950s to 1970s, the ROC presented its updated historic mission for the structure. The character of the ROC regime in Taipei was essentially that of an émigré regime, making it highly susceptible to pressure from international interactions, especially that of the US China policy. These international interactions caused regional strategic arrangements and developments in East Asia that led to a number of critical junctures in the ROC regime’s evolution. The establishment of the northeastern Asia security regime during the early 1950s was the main force driving the shift of the KMT regime’s claim to legitimacy from “recovering the Chinese mainland” to “building the anti-communist bastion in Taiwan.” Later, the 1958 crisis in Kinmen and Matsu, two of the ROC’s offshore islands close to the mainland, caused Chiang Kai-shek to adapt by giving up any plan for waging military

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⁵ Because of this One-China vision, both the ROC in Taipei and the PRC in Beijing sought exclusive representation of all of China, including the Chinese mainland and the Taiwanese island, in the global community.
operations on the mainland, even though he succeeded in rejecting a demand from the US
government to abandon the two offshore islands.\(^6\) As a result, an updated historic
mission of the ROC regime in Taiwan was articulated by the KMT leadership as shifting
from an anti-communist crusade to ensuring Taiwan’s self-defense, international status,
and economic prospect.

Second, the evolution of the ROC regime could also be perceived in its changing
claims to statehood. The practicing functional sovereign state of the ROC in Taiwan has,
over time by itself, done more damage than anything else to the official One-China claim.
In the political field, in 1949, when the KMT regime moved the ROC capital from
Nanjing to Taipei, Taiwan was gradually endowed with a \textit{de facto} sovereign status. For
the societal field, growth in the ideological, economic, and political cleavages between
Taiwan and the mainland deepened the confusion of the local people in Taiwan, who
were already disenchanted with any ideas of Chinese reunification. In addition, the
assimilation process of the Chinese mainlanders into the Taiwanese local society was
precipitated by the decades-long separation in the Cross-Strait relationship. As a
consequence, unceasing war preparation against possible PRC aggressive attacks
nurtured a shared sense of destiny between the Chinese mainlanders and the native

Taiwanese, resulting in a common perception of alienation from mainland China.\(^7\) Chu and Lin concluded that the ROC regime’s evolution in statehood shifted from the One-China vision to a focus on the island’s security during these decades because “the jurisdictional boundaries and legal order set by a de facto sovereign state quietly fostered a popular aspiration for a separate statehood.” Therefore, in the long-term development, “the KMT’s nationalistic vision was in fact undermined by the intrinsic mismatch between the de jure state structure and its actual practice of a sovereign state on Taiwan.”\(^8\)

Finally, the transition is seen in the ROC regime’s attempt to be rooted in Taiwan in terms of legitimacy. While Taiwan expanded its focus from its domestic evolution to an international transformation, the growing international tendency to accept the PRC regime as the Chinese representative rather than the ROC regime caused the initial crisis of ROC’s Chinese legitimacy and the demise of its associated one-party authoritarianism. These developments eventually strongly influenced Taiwan to transition to democracy. This democratization provided the regime legitimacy in terms of its tie with Taiwan. From the early 1970s, the rapprochement between the US and the PRC undermined the


\(^8\) Chu and Lin, 119.
Chiang administration. Then, a series of diplomatic setbacks, especially the loss of the UN seat to the PRC in 1971, further undermined the ROC’s claim to its One-China vision. Major allies then reversed their recognition of the ROC regime, including questioning, throughout the 1970s, the legitimacy of the regime having representatives in most international organizations. In the 1980s, the détente in the Straits began to mitigate the siege mentality among the Taiwanese society and eventually reduced the need to retain martial law. All these international shifts compelled the KMT party to respond to the crisis by rebuilding a legitimate base in Taiwan through a democratization project that gradually opened elections. Opening elections for representative bodies in Taiwan was institutionalized in 1972, implemented in 1980, and gradually expanded in 1989. As a result, projects to establish the ROC regime’s legitimacy in Taiwan were proposed.

B. Democratization and Taiwanization after the late-1970s

In the late 1970s, a new post-war generation arose as the political opposition in Taiwan. Different from the previous independent candidates, most of whom were vocal mainlander dissidents associated with the *Free China Journal*, the new opposition cohort focused on broader national reforms of the state machine, especially the

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The 1977 local elections signaled a major breakthrough in Taiwan’s democratization movements, in which a loosely organized group formed by non-KMT Taiwanese politicians, Tangwai (黨外; literally, ‘outside the party’), grew considerably in terms of votes and seats in both the Provincial Assembly and county magistrate/city mayor elections. During the election season of 1977, a riot in Chungli, Taoyuan County, occurred as a result of protesting the KMT local officials’ vote rigging for the Taoyuan County magistrate. This Chungli incident foreshadowed the beginning of the KMT authoritarian regime’s demise. During the incident, an unexpected move on the part of the KMT leadership to restrain the use of coercive measures not only gradually reduced the opposition’s psychological fear of the authoritarian regime but also encouraged the Tangwai group to mobilize more aggressively.

Therefore, the 1977 election was important in generating a belief about the vulnerability of the KMT regime while an alliance between most opposition candidates was formed against the KMT regime. These developments contributed to a deeper and broader cooperation among the Tangwai leaders. Although two years later, in December 1979, the Kaohsiung Incident (or the Formosa Incident) temporarily slowed the progress of the opposition movement, the 1983 supplementary legislative election reorganized and
updated *Tangwai* into a quasi-party. Forces of this quasi-party were strengthened by numerous new social movements representing various groups from Taiwan’s nonelite society, including farmers, laborers, feminists, environmentalists, and activists for human rights and consumer rights. As a result, throughout the 1980s, the solid grip of the authoritarian regime on the Taiwanese civil society was gradually loosened by these social movements, which systematically offered a way for various social sectors within the political opposition to develop further.\(^{10}\) These political and social developments culminated in the formation of the Democratic Progressive Party (DPP) as a new opposition party on September 28, 1986, in defiance of the official ban.

At the same time, the KMT was having difficulty dealing with its own internal weakness. Similar to many other authoritarian regimes that have suffered from dysfunction when weak leaders have taken power, the KMT’s power structure was vulnerable during succession crises. When power was gradually transitioned from Chiang Kai-shek to his oldest son, Chiang Ching-kuo, beginning in the late 1960s, the succession went relatively smoothly because Chiang Ching-kuo had been groomed by his father for more than two decades. However, given the different social background

demanding more democratic reforms, the succession process from Chiang Ching-kuo to Lee Teng-hui, a native Taiwanese, was filled with political tensions.

The demise of Chiang Ching-kuo in January 1988 accelerated the breakdown of the one-party authoritarian norms. Although Lee Teng-hui was chosen to be a successor in charge of political reform, a wedge between Lee’s mainstream faction and the mainlanders’ non-mainstream faction within the KMT party increasingly undermined Lee’s authority. The formation of these two competing factions could be attributed to Lee’s new foreign policy initiatives based on a slogan of “ROC on Taiwan,” instead of following the previous efforts to insist on the One-China vision with ROC being the representative of China, a position still upheld by the non-mainstream faction. This intra-party power struggle inadvertently hastened the trend of Taiwanization, including a series of sociopolitical projects, such as abandoning the KMT’s core commitment to Chinese nationalism, expanding the scope of democratization, and accommodating opposition parties on the issues of nation building and identity. Meanwhile, during Lee’s attempt to consolidate his power through the above sociopolitical reforms, the burden of defending the orthodox lines—especially the ideological insistence on both the

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One-China vision during a time when all major nations had shifted their diplomatic relations to the PRC and a Chinese identity in the wake of a re-emergence of Taiwanese identity—was strategically shifted to Lee’s rivals in the non-mainstream faction.

At the same time, giant shifts in global affairs in the late-1980s, such as the end of the Cold War, a wave of democratization, and acceleration of globalization, gave Lee and his allies further reason to push for Taiwanization and enlarge the scope of the institutional reforms, both of which effectively undermined the power base of Lee’s rivals. Examples of Lee’s success are seen in the abolition of the Temporary Articles in May 1991 and the three phases of Lee’s proposed amendments to the 1947 ROC Constitution in the first half of the 1990s. Through these political accomplishments, most of the legal articles that safeguarded the influence of the non-mainstream faction but hindered normalization of a Taiwanese representative democracy were removed. As a result, the December 1992 Legislative Yuan election, a full-scale election by the people of Taiwan, brought about a new parliament representing Taiwan’s local voices. The 1992 election also signaled the KMT’s first attempt to surrender its governing position to its opposition challengers through a democratic contest, thereby beginning to dilute the mainlanders’ dominance in Taiwanese politics. Thus, the mainlander-dominant non-mainstream
faction began to be marginalized in the power center.\textsuperscript{12} On the other hand, Lee and his allies were gradually taking full control of the state machine and building a dominant influence of the party apparatus. In the second half of the 1990s, Lee continued his constitutional reform projects by changing the political system from parliamentarianism to semi-presidentialism and by cultivating a shift in the national consciousness of people in Taiwan from a Chinese identity to a Taiwanese one.

Lee’s efforts in promoting the democratization of Taiwan began to lay a new foundation for the legitimacy of the ROC government without violent internal polarization and external military intervention while facing a new global structure and its challenges.\textsuperscript{13} In the international arena, since 1993, Lee had encouraged the zeal for Taiwan independence with a gradual abandonment of the One-China vision and an alternative pursuit of \textit{de jure} independence by initiating diplomatic endeavors to return to the UN. During the 1990s, a diplomatic formula of “the Republic of China on Taiwan,” based on a Two-Chinas model was promoted, culminating in Lee’s definition of the Cross-Strait relationship as “special state-to-state” relations in July 1999. Throughout the 1990s, a nation-building plan was surging both domestically and internationally to


establish the sovereign status of the ROC on Taiwan. Taiwan’s emerging democratic movements, therefore, offered a platform for political and social participation that built a sense of collective consciousness among the people in Taiwan. The ongoing public involvements began to endow the geographic term of “Taiwan” with concepts of a newborn political community and the ethnic term of “Taiwanese” with hues of citizenship and nationhood. Thus, the waves of indigenization and democratization have caused Taiwanese politics and society to mirror each other, transforming the state mechanism into a fundamental national state.

Since the end of the 1970s, this transformed state has been re-engineered, resulting in a solid political foundation to guide Taiwan into the 2000s with the same political projects of advancing the scope of democratization and the growth of Taiwanese nationalism. Examples can also been found in the former DPP government’s policies to define Taiwan-China relations as two states in 2002, to implement a referendum law complementing the democratization architecture in 2003, to rename all state-owned enterprises by replacing the name of “China” with “Taiwan” since 2004, and to abolish the Guidelines for National Unification due to its extra-constitutional legal arrangement in 2006. Although these examples are categorized as a series of sociopolitical moves towards Taiwan independence, they are still political projects of democratization and
Taiwanization that began in the late 1970s. These developments will be discussed in detail later.

In addition, those loud voices calling for democratization and Taiwanization not only lifted the martial law that had stringently prohibited Taiwan’s civil and political right to communicate with China, but these voices also shattered Taipei’s previous long-standing “Three Noes” policy—no contact, no negotiation, and no compromise—with Beijing. Prior to 1987, flows between Taiwan and China, including postal, transportation, and trade, were completely banned by the ROC government. Since the ROC government began in 1987 to allow humanitarian visits, especially for old KMT soldiers, to visit the mainland, the economical and demographic exchanges between the two sides have accelerated dramatically. Today, no one can identify how many Taiwanese are living in China, or how much money Taiwan has invested, but it is safe to say the numbers are huge and expanding. If the two biggest intermediaries—the Cayman Islands and the British Virgin Islands, through which much of Taiwan’s investment has been funneled to China—are taken into account together with the investment data provided by Taiwan government statistics, 14 30 percent of China’s foreign direct investment in 2007 appears to have come from the Taiwanese. In 2010,

Taiwan was even China’s 11th-largest export market and the 5th-largest source of imports, whereas China has become Taiwan’s number-one export market and number-two source of imported goods. The demographic flows also present the same surging trend, in which, by the end of 2011, a total of more than 66 million visits have been made by Taiwanese to China since Taiwan’s open policy started in 1987, although most of the visits were attributed to business trips that have limited effects on civilian-level exchanges.  

As impressive as these numbers of the Cross-Strait flows are, the magnitude of Taiwan’s interactions with the rest of the global community presents a different story. The following sections will illustrate Taiwan’s development in terms of its international status and further explain the growth of democratization and indigenization, which have been fueled and galvanized by the trend of globalization, especially since the mid-1990s.

II. Taiwan’s Recent International Status in the Global Community

The era of globalization has witnessed the growing significance of international and transnational institutions and rules that operate interdependently with individual sovereign-states. These institutions and rules have formed new norms and

15 Ibid.
decision-making structures that both enable and constrain the activities of states.

Mobilizing resources across national boundaries and forming supranational regulation mechanisms, according to Sassen, has resulted in both decentralizing state capacity and gradually weakening the autonomy of sovereign-states.16

Anthony Giddens, however, holds a different view,17 arguing that international organizations (IOs) themselves are more likely to be the embodiments of the transnational rules of the game that have accompanied and enforced competing national sovereignties. Such transnational institutions as multinational corporations, international monetary systems, or global trade regulations have not led to the decline of nation-states but rather transformed nation-states to reinforce those states’ prerogatives. Moreover, as long as these prerogatives are reiterated, it can be expected that the aspiration to achieve full nationhood and national autonomy will remain. This appears to be the case for Taiwan’s bids for better international status in the global community, so both the perspectives of the state and non-state sides can be appropriately explored.

A. From the State Side

For the state of Taiwan, participation in international interactions is of particular importance. In state-to-state interactions, since 1971, when the ROC lost its seat in the UN to the PRC, Taiwan has been enduring a peculiar and increasing international isolation (see Figure 4-1). In the global community, the number of countries in the world with which the ROC has formal diplomatic ties has dropped dramatically, reaching a low of 13% (22 countries) from 1978 to 1980, climbing back to barely 15% (30 countries) in the 1990s, and eventually declining again to just slightly more than 11% in the 2000s. Consequently, in 2010, diplomatic ties are down to 23 countries. Most of these are small countries in the Pacific, Africa, and Latin America.

On the other hand, in state-to-IO interactions, Taiwan has either lost its membership or been barred from participation in most UN-related IOs, such as the UNESCO, UNDP, the World Health Organization (WHO), the World Bank, IMF, and so on. In most formal global or regional institutions, Taiwan has also been denied in participation or been forced to use alternative titles due to political pressure from the PRC and its One-China Principle. For example, “Chinese Taipei” is the name generally used by Taiwan in its participation in IOs, with “Taiwan, ROC” used in some regional financial institutions and “Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (T.P.K.M.)” in the WTO (see Table 4-2). Despite the PRC’s attempt to block Taiwan
from most IOs, their great number has allowed Taiwan to participate in some of them.

The Taiwanese government views involvement in these IOs as an opportunity to recover some of its losses on the diplomatic front. Therefore, it shows a desperate desire to participate in all kinds of international and transnational institutions to show symbolically its continuing sovereignty.

Meanwhile, among these endeavors, institutions of a non-governmental nature also attract Taiwan’s attention. An official report published by the Taiwanese government clarifies this strategy:

Although other nations generally have paid relatively less attention to international non-governmental organizations (NGOs), our difficult diplomatic situation represents a special condition. . . . We have to expand our participation in NGOs with more practical, more aggressive, active, innovative ideas and measures in order to win over friendships and to contribute to the breakthrough of our diplomatic predicament.\(^\text{18}\)

However, Taiwan’s endeavors to expand its international space, including participation in governmental and non-governmental organizations, have led to a surging paradox globally. “As the interactions between Taiwan and the global community intensify, there is a rising awareness of Taiwan’s awkward international position, reflected in a collective anxiety concerning Taiwan’s status in those international organizations,” especially concerning its application to the UN, the WHO, and the regional projects under the ASEAN+3, as well as its freedom of action in the WTO, APEC, Olympic Games, and many other international and transnational institutions.

**B. From the Non-State Side**

On the non-state side, Taiwanese nationalist discourses reflect the voice of “the international orphan” due to its enforced isolation from the global community. The non-representation of Taiwan or misrepresentation of Taiwan as a part of the PRC in international arrangements has led to a rising anxiety that Taiwan will be either gradually marginalized in terms of international participation or will be “Hong-Kongilized” under China’s authority. Even during non-governmental occasions, which are supposed to have little concern with politics, for example, academic conferences and film festivals,

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delegations from Taiwan generally find themselves frustrated with its representation and reception. In most of these global occasions, nationality still contributes the most convenient way to classify people from different areas or ethnic origins while statehood serves as a primary principle of classification and representation. For Taiwanese cases, the government’s complicated relationship with China always negatively affects its awkward international status in global interactions. The following example provides a vivid picture.

International PEN is regarded as a non-political civil activity for globally promoting social networking and intellectual cooperation among poets, playwrights, essayists, editors, and novelists. However, an incident at the annual meeting of International PEN in 2006 signaled that politics and nationality are also involved. During the event, Taiwanese writers were not granted any opportunities to present their works, whereas Chinese writers from the PRC were treated as guests of honor. A Taiwanese writer, Ying-tai Long, responded to the situation:

To the Westerners, China is that eastern country populated with one billion people; contemporary Chinese literature is the literature about those Chinese people who struggle with natural disasters and human foes by the
Yellow River and the Yangtze River; and Chinese writers are, of course, those who come from that piece of land. . . . Now that Taiwan does not represent China in terms of political status, its literature is naturally not regarded as Chinese literature.  

The incident, as well as Long’s response, indicates that, when looking for “Chinese heritage,” the global community is more interested in what are considered “genuine” or “authentic” representations of China. Accordingly, literature from Taiwan is regarded to be little more than “a counterfeit” representation of “Chinese literature.” At the same time, in the reality of global interactions, the absence of a category for Taiwan, whatever it is intentionally or unintentionally, also reduces Taiwanese heritage to non-representation or misrepresentation in the global community. Long’s description of the treatment of Taiwan in the field of literature is indicative of a much greater problem. In many other professional, academic, and entertainment fields, the same situation prevails. Such problems have spurred a continuing transformation process for the Taiwanese state machine during the era of globalization.

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C. Transformation of the State

Long’s interpretation of the “counterfeit” Taiwan has vividly captured the predicament in which not only Taiwan’s people but also its government have been caught in recent decades. From Horng-luen Wang’s perspective, this predicament consists of two related problems. The first is that the official national title of Taiwan’s government, the ROC, has been prohibited in most global interactions. This prohibition can be attributed not only to a political reason but also to a societal concern of simply avoiding confusion with the mainland’s name of the People’s Republic of China.

Second, the term “Taiwan” is still rarely used as a substitute for the ROC’s formal title in official representations. The reasons for this situation are far more complicated. From the Taiwanese side, “China” used to be a collective totem because the ROC government existing in Taiwan was, in fact, a historical legacy of China, preventing the government from denying its Chinese root. Moreover, the ROC government originally was a regime in exile from China, and after decades governing Taiwan, the ROC governmental mechanism legitimized its rule over Taiwan by claiming the island to be “part of China” in its constitution. As a result, its participation in the IOs is still largely limited to including names related to “China” or “Chinese” in its application titles (see Table 4-2).

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21 Horng-luen Wang, “Rethinking the Global and the National,” 108.
From the perspective of the PRC, simply allowing the ROC regime to adopt “Taiwan” as its official title is also against China’s perceived interests because doing so would encourage the Taiwan independence movement. The adoption of “Taiwan” as an alternative title also implies the recognition of Taiwan’s sovereignty, which obviously challenges the PRC’s One-China Principle that claims that Taiwan is an inalienable part of the PRC’s territory. As a result, Taiwan is either non-represented or misrepresented under a wrong title during global interactions for global governance, forcing an eager government to transform itself to retain its capacity in globalization and regionalization.

As globalization has accelerated since the 1990s, Taiwan’s anxiety about being marginalized in the global village has been growing. The anxiety itself may not necessarily start from a political concern; however, how these issues can be resolved is always politically charged. Examples can be seen in an increase in so-called “global problems and issues” that require international or transnational cooperation for “global solutions,” such as global human rights, humanitarian relief, antiterrorism, financial supervision, environmental protection, and epidemic control. Taiwan is excluded from joining most international institutions related to the such global problems and issues, but is, nonetheless, obliged to obey their regulations and even to make contributions. In March 2003, when severe acute respiratory syndrome (SARS) first spread to Taiwan from
southern China, the Taiwanese government immediately attempted to report the suspected
cases directly to the WHO, and other Taiwanese health authorities requested technical
assistance from the WHO. However, the WHO delayed including the data from Taiwan
for several days due to its adherence to UN standards that misled its administrative
process, causing Taiwan to be labeled as a province of China.

Even worse, the WHO, after realizing that Taiwan was not a member, refused to
offer any assistance, such as providing Taiwan’s scientists with the sample viruses needed
in their research on treatment and vaccines or dispatching any experts to advise Taiwan
on containment efforts. Repeated letters and appeals from Taiwan’s Ministry of Health,
medical experts, and other high-level governmental officials to Gro Harlem Brundtland,
former Director General of the WHO, went unanswered until May 2003. During those
two months, however, when various governmental and non-governmental agencies in
Taiwan tried to appeal to the global community for help, they finally realized Taiwan was
unable to find appropriate channels to express itself, largely because the government had
been excluded from membership in most international and transnational health
organizations.

In the case of the WHO, Taiwan was excluded in 1972, just one year after losing its
seat in the UN. Since 1997, Taiwan has sought observer status in the WHO, but very
little progress has been made. Under pressure from the PRC and its One-China Principle, the WHO firmly followed the UN standards that insisted that membership must be based on being a UN member, so Taiwan was ineligible to join because it was regarded as merely a province of China. The WHO’s decision has disappointed not only Taiwan’s government but also the Taiwanese people, especially medical professionals, so the government was forced to change its appeal to prove its function and legitimacy in the global community. The Taiwanese government argued that “health is now considered a basic human right worldwide, and the prevention, treatment, and control of epidemic disease is a global/universal issue that calls for international cooperation.” Therefore, “Taiwan’s exclusion from the WHO due to its unrecognized nationhood is not only unreasonable, but unfair to the people of Taiwan.”22 As a result, after more than a decade of application attempts using varying arguments, since 2009, Taiwan has been an observer member of the WHO under the name of “Chinese Taipei,” but its status strongly relies on “Beijing’s willingness” to sponsor Taipei on a “year-by-year” basis.

Nevertheless, the solution in this WHO case is difficult to adopt as a normal approach for the Taiwanese government to join other IOs. In fact, the exclusion of Taiwan from most IOs has fostered a sense of injustice, leading the government to rethink

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22 Horng-luen Wang, “Rethinking the Global and the National,” 109.
other alternative approaches for retaining its legitimacy and sovereignty over Taiwan while feeling rising anxiety due to globalization and regionalization. An extreme example occurred in 2007, when the former pro-independent DPP government decided to change its application by “joining” the UN under the name of “Taiwan” (a *de jure* Taiwan independence move) rather than by “returning” to the UN under the name of “ROC” (a Two-Chinas approach), which had been used as an application strategy since 1993.

That change focused the problem on three issues. First, the Taiwanese government has started to overtly challenge any Chinese visions, including PRC’s “One-China” vision and KMT’s previous “Two-Chinas” strategy. This challenge meant that, because the ROC was no longer considered a representative of China, a distinctive nationhood under the name of “Taiwan” was more appropriate for members in the global community to recognize. Doing so would preserve Taiwan’s legitimacy and sovereignty in spite of the rising PRC and the trend of globalization. Second, the change in the application was also due to globalization that allowed information to be easily accessed by members of the global community who have begun to realize the difference between Chinese and Taiwanese, thereby changing their perceptions. This acknowledgement also encouraged both the Taiwanese government and people to pursue identity transformation from being the Chinese representative to being Taiwanese. Finally, the transformation of Taiwan’s
government using these global phenomena helped people in Taiwan to realize that it was
the PRC that stood in the way of Taiwan’s contribution to and integration into the global
community. Antipathy towards the Chinese government continues to surge, further
fueling the awareness of “the Taiwanese identity” as well as Taiwanese pursuit of a
virtual place in the global arena as an independent state.

III. Influence of Globalization on Taiwan’s Society—the

Transformations of National Identity

From the late 1940s to the 1980s, national identity development was limited to the
first stage of identification: One-China totemism.23 Despite the opposition’s ceaseless
efforts, national identity issues were seldom admitted as part of formal political agendas
due to the authoritarian KMT regime’s domination. The outcomes of this evolution
were predictable because, under the guideline of the One-China vision, the KMT regime
followed convention in upholding Chinese identity and Chinese reunification as
self-evident and unquestionable. As a result, this taboo subject left no room for official

discussion of any alternatives, such as the issues of Taiwan independence or Taiwanese identity.

However, this situation changed in the 1990s. Because of the movements towards democratization and Taiwanization, the KMT regime was forced to loosen its hold on national affairs. Accordingly, national identity issues went through several stages of identification development, including initiation of Taiwanese identity, specification, expansion, and finally entrance of the topic into Taiwan’s society.24 These discussions eventually emerged in Taiwan’s official agenda. The issues of Taiwanese identity were, therefore, no longer unilaterally raised by the opposition. Instead, discussions of national identity became debatable topics attractive to various political forces, including the KMT regime. Consequently, many of the national identity discussions after 1990 influenced the direction of Taiwan’s later domestic and foreign policies. These movements were further fuelled by an increasingly open society in Taiwan, which had previously been forced to distinguish Taiwanese from other peoples for global social interaction purposes.

\[24\text{ Ibid.}\]
A. An Opening Society Shaping the Distinction between “Our People” and “Their People”

Beginning in the 1970s, since Taiwan lost its representation as China in the global community, the strength of a state’s international legal authority has been drastically curtailed; however, national autonomy has not been lost as a consequence. Quite the contrary, the strong economic and trade relations displayed by Taiwan in its globalization process have created an economic miracle that won international admiration as well as caused domestic pride. On the one hand, under extreme official diplomatic isolation, Taiwan’s government has created so-called “quasi-diplomatic relations” in an approach that has allowed it to continue international ties and maintain relative autonomy in the global arena. On the other hand, Taiwan’s society in the context of globalization has exhibited a high level of transnational movement of the population, creating globally mobile objects and subjects. Gellner asserted that, in the rise of a nationalism movement, nation and nationalism are not subjects for discussion in a closed society because people have no need to distinguish between “us” and “them.” However, once the closed society has initiated contact with the outside world, the relationship becomes

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the distinction between “you” and “me.” If this trend is compounded by the emergence of other structural conditions, nationalism will result, and this society will logically be considered a “nation.”

The transnational forces involved in globalization have catalyzed the issue of choosing a national identity in Taiwan. Coupled with the face-to-face contact between Taiwan and the rest of the world (including mainland China), as well as the particular international structural arrangements and differences, this issue has further deepened the awareness and distinction of “us vs. them.” In facing globalization and conflicts under international pressure, Taiwan’s governmental institutions not only still exist but also seek to create new means of garnering stronger support and displaying state capacity through awareness of the “us vs. them” distinction.

In sum, Taiwan’s status as a state has systematically been denied by the global community since the 1970s while, paradoxically, under the trend of globalization, Taiwan’s society and economy have been closely knit into the global community. This contradiction results in a massive gap that has created room for growth and stimulus for Taiwan’s national identity issue. While state autonomy still exists, even though the framework of the ROC and its representation status for China are facing increasingly

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serious external crises and challenges, the national institutions still exert a certain degree of influence towards winning more state capacity.\(^{27}\)

Wang Horng-Luen used the transformation of international institutions to explain the phenomenon of Taiwan’s identity change.\(^{28}\) He indicated that the failure of the ROC’s regime caused Taiwan’s nation-state status to suffer severe backlashes from the global community and subsequently resulted in Taiwan’s ambiguous “neither-nor” nation-state status. During the international structural changes in a more globalized world after the end of the Cold War, the proclamation made by Taiwan’s government that it was the “Chinese Government” proved to be futile, leaving the global community hard pressed to support this sort of recognition. In other words, the global community placed significance both on shaping one’s self-identification and in gaining “identification by others.”\(^{29}\) What has caused the recognition of the people in Taiwan as being “Chinese” to vanish was not only the emergence of Taiwanese local awareness but, more importantly, the failure of the ROC regime in the global community. This failure caused the “Chinese” representation of Taiwan’s government and the “Chinese” identity of the


people in Taiwan to lose “identification by others” in general, consequently undermining the support of such recognition. Under such circumstances, a state will naturally turn towards a new sustainable identity so that its existing autonomy and legitimacy can be preserved under prevailing conditions.

Hence, the political agenda was gradually shifted from the reunification principle to the independence alternative. At the same time, other related issues, such as Taiwanese domestic welfare policies, Taiwanese China policies, Taiwanese foreign policies, and Taiwan-China relations, were articulated and interwoven with each other to meet the changing identification context. As a result, the interrelated subissues of Taiwanese/Chinese identities, unification/independence options, Taiwan-China relations, and Taiwanese foreign policies evolved alongside the changing discussion of national identity.30 Thus, the introduction of national identity discussions into Taiwan’s political agendas in the 1990s could be largely attributed to the dramatic transformation of the KMT’s official policies in response to an opening society in conjunction with internal and external changes. This development drove Taiwan’s fundamental political, societal, and economic reforms. The KMT’s transformed policies soon aroused global reactions,

which, in turn, required political leaders of different parties to take further action in response to an increasingly more enlightened and engaged public.

Thus far, the entire process indicates that, throughout Taiwan’s democratization and Taiwanization, the gap between the elite and the masses, the government and society, concerning national identity issues is diminishing. Therefore, to win support from both the global and domestic communities, the Taiwanese government has become more sensitive to the voices of its people during the globalization era, especially since the 1990s. The following discussion will delve into these issues in detail to explain fully the effects of globalization dynamics on Taiwanese society.

B. Global Affairs and National Identity between 1992-2008

Stephen D. Krasner argued that a country’s most powerful asset is not its people, military force, or taxation but rather its judicial sovereignty empowering itself in the global community. That is, other countries must be willing to approve its existence and abandon their rights to exercise sovereignty over that territory. Nevertheless, after the failure of the ROC’s regime in the global arena, Taiwan’s government has gradually lost this powerful asset and has formed a different kind of independent government entity,

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outside the normal model of the global community. This is a peculiar case. Ernest Renan mentioned that common suffering unites people, even more so than joy, providing a solid foundation for the collective memory of a nation. Moreover, the existence of a nation is similar to a “daily plebiscite,” which is tested by time and space in the long term, building up mental energy for the whole nation.\textsuperscript{32}

Taiwan’s circumstances are an example. The original identity of the people in Taiwan being “Chinese,” which was the foundation of a collective memory recognized by the global community, was challenged after the 1970s. When being Chinese came to be associated with the PRC, Taiwan’s government—the ROC—started to search for a new approach to international survival.\textsuperscript{33} Given Taiwan’s gradually eroding international living space, news of its being rejected in the daily vetoes in the global community flooded governmental institutions and civil society. The news reminded Taiwan’s governmental institutions and civil society that its current regime had a “collective non-existence” in the global community. At the same time, as people were reminded of the dire need to pursue a recognizable national identity, the government was pressured to cultivate the capability of its institutions to seek external international living space while


\textsuperscript{33} Solutions to defend the sovereignty of the “Republic of China” in Taiwan include the discussions of two Chinas in the mid-1990s, special state-to-state relations in the late 1990s, and the two states theory in 2002.
attaining domestic acceptance. Eventually, the collective suffering would enhance the awareness of what some might regard as a “destined collective community” and become an impetus for creating a new national identity.

Charles Tilly suggested that war is one situation through which a nation comes into existence.\textsuperscript{34} He explained that, in war, people must centralize resources and power and must secure loyalty for leaders to take concerted actions. Hence, war creates not only a state but also a nation because it produces a sense of collective identity through the solidarity of the people against a common enemy. In Taiwan’s case, the long-term saber rattling as well as diplomatic oppression coming from the Chinese government no doubt has a far-reaching impact conducive to the formation of the Taiwanese national identity. Statistical data in Figure 4-2 also show that, when the two sides are under heightened tensions and Taiwan faces diplomatic oppression that threatens the nation’s autonomy, the people in Taiwan sense hostility from the other side and display a stronger Taiwanese identity and a weaker Chinese identity. This tendency also explains why Taiwan’s demonstration of state capability has gradually shifted from winning the battle for

\textsuperscript{34} See Charles Tilly and Leopold H. Haimson, eds., \textit{Strikes, Wars, and Revolutions in an International Perspective: Strike Waves in the Late Nineteenth and Early Twentieth Centuries} (New York: Cambridge University Press, 1989).
Chinese representation to campaigning for Taiwanese representation as a strategy for its return to the global arena.

In the Cross-Strait relations of the 1990s, first came the opening of civilian-level visits and exchanges between Taiwan and China before the death of Chiang Ching-kuo, followed by Lee Teng-hui announcing the end of the period of communist rebellion. Both events indirectly conveyed Taiwan’s governmental acknowledgement that the mainland’s PRC and Taiwan’s ROC were two separate political entities and that neither was subordinate to the other. Based on this stance, Taiwan’s governmental institutions not only started the subsequent Cross-Strait interactions but also deepened the global diplomatic contest. The data in Figure 4-2 indicate that, in 1992, right before suspension of diplomatic relations between South Korea and Taiwan, the percentage of interviewees who identified themselves as “Taiwanese” was rather low, below 20%. In 1994, political interactions and diplomatic competition on both sides of the Strait became quite frequent, especially after the first Cross-Strait Talk between Taiwan and China in Singapore. Then, the campaign of Taiwan’s ruling and opposition parties to return to the UN resulted in the PRC’s hostile declaration in *The White Paper on Taiwan Issue* and

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35 In the early 1990s, Taiwan’s democratization movements also became much more active. Discussed in Chapter One, Taiwan’s more liberal democratic society might be able to contribute to more diverse identities as well.
its international launch of more severe diplomatic oppression and isolation of Taiwan.

This move caused Taiwan’s people to significantly downplay their Chinese identity, with a marked upsurge in those claiming Taiwanese identity after 1994.

The Qiandao Lake Incident, which occurred in the middle of 1994, was another key turning point. During this incident, 24 Taiwanese tourists traveling in China were robbed and murdered, and after a half-year investigation, China’s People’s Liberation Army was suspected of being involved in the murder. In addition, the evidence was promptly destroyed by the Chinese authorities by burning the victims’ bodies, an act that infuriated people in Taiwan. According to The United Daily News, 70% of the respondents to a poll thought that this incident seriously hurt Taiwanese feelings towards the mainland.36 Data in Figure 4-2 clearly show that, after this incident in 1994, the people in Taiwan claiming Taiwanese identity dramatically increased compared to those claiming Chinese identity. The Qiandao Lake Incident had a significant impact on people’s national identity in Taiwan for two reasons. First, after this incident, people in Taiwan fully recognized the considerable differences in views about human rights and the rule of law between the two territories. Second, all people in Taiwan were considered to be “Taiwanese” by the PRC’s government and people, thus implying no distinction

36 “The Chinese Authority Hurts Taiwan,” United Daily News (Taipei, Taiwan), April 18th, 1994, 3rd ed.
between native Taiwanese and mainlanders living in Taiwan after 1949. This view placed the entire Taiwanese people in one collective community that shares in common suffering.\textsuperscript{37}

From 1995 to 1996, the sense of a “destined collective community” was even more pronounced. In June 1995, when former President Lee Teng-hui successfully broke through the international barriers and visited the US to make public speeches, China’s government began making a series of diplomatic and military threats against Taiwan and even tested missiles that were launched across the Taiwan Strait, attempting to affect the outcome of Taiwan’s first presidential election. However, this move did not achieve China’s expected outcome. In addition to Lee Teng-hui becoming the first popularly elected president by winning 54% of the votes, the number of people claiming Taiwanese identity rose sharply after 1996.

During the second presidential election in 2000, China conducted another series of international public-opinion and propaganda attacks and intimidated Taiwan with war threats if people voted to support the DPP’s pro-independence candidate, Chen Shui-bian. Nevertheless, such shared suffering not only reinforced people’s awareness of “us vs.

them,” but also toughened Taiwan’s state capacity to face external threats, especially in reacting to China’s rising presence in the global arena. During its governing of Taiwan in 2000-2008, the former ruling pro-independence DPP intentionally encouraged Taiwanese identity, both directly and indirectly, through the state machinery, steadily cultivating a Taiwanese identity in the people. This nationwide movement, daily inspired by the former DPP government and always severely threatened by the hostile Chinese government, successfully consolidated the Taiwanese consciousness. As a result, in 2008, when Taiwan’s fourth presidential election was conducted, even a pro-unification China-originated KMT party was forced to explore its Taiwanization theory and propaganda to compete with the DPP party during the election campaign. Consequently, since 2008, when President Ma Ying-jeou and his KMT returned to power in Taiwan, this trend towards the Taiwanese identity has surpassed the double-recognition phenomenon of “both Taiwanese and Chinese.”

C. Global Affairs and National Identity after 2008

This trend of a resurging Taiwanese identity after 2008 may surprise the Chinese government, which has sought to influence Taiwanese opinion through several conciliatory policies since 2008, but it does not conflict with the analytic assumption
above, which emphasizes that a more open society contributes to greater awareness of “us vs. them” to gain distinction in global social interactions. It is true that, since 2008, tensions across the Taiwan Strait have been dramatically reduced, resulting from Beijing’s willingness to resume its negotiation agenda with Taipei. Until October 2011, the improved Cross-Strait relations have resulted in fifteen agreements, especially concerning direct Cross-Strait flights, the opening of Taiwan’s tourist market to Chinese visitors, mutual judicial assistance, and a quasi-free-trade agreement of the ECFA (Economic Cooperation Framework Agreement). Meanwhile, a closer Cross-Strait relationship has had an unexpected impact on Taiwan, both globally and domestically.

On the one hand, in the global arena, the image of better Cross-Strait relations was interpreted by the global community as Taipei accepting Beijing’s One-China Principle and being a part of China, creating an international phenomenon of being comfortably neglectful of the authority of the Taiwanese government. For example, also beginning in 2008, on the global market, increasingly more Taiwan-made intellectual products—especially films, music, and academic works—have been openly wrongly listed under labels indicating “Taiwan, China,” “China’s Taiwan,” or “Taiwan, a Province of China.” Even worse, as discussed in Chapter Three, in February 2011, the Philippine government decided to extradite 14 Taiwanese suspects to China in accordance with its
understanding that the improved China-Taiwan relations meant the two governments had agreed on the One-China Principle, resulting in signed agreements of mutual judicial assistance and joint combating of crime on both sides of the Strait. This development caused the Philippine government to think that the Chinese government had the authority to take into custody those 14 Taiwanese. Ironically, improvement in relations between the two sides of the Strait made Taipei incapable of action in these issues, causing a stronger demand from Taiwan’s society to better distinguish Taiwan from China and Taiwanese from Chinese.

Yet, in the Taiwanese domestic field, broadened economic and societal ties between citizens of Taiwan and China have allowed for more contact. Thanks to the opening of Taiwan to Chinese tourists in 2010, more than 1.63 million Chinese visited Taiwan, up nearly 67% from a year earlier, making China the greatest source of visitors to the island, according to an interview with Alice Chyoug-hwa Chen, a tourism bureau official in Taipei. However, although local business owners were pleased with the surge of Chinese tourists’ spending, most local Taiwanese openly grumbled about the Chinese visitors’ improper behavior, such as speaking loudly in an indoor public place, having a collective disdain for the single-file line, asking local strangers on the street about their

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38 In 2010, nearly USD $3 billion were poured into Taiwan’s economy, an amount equal to 0.72 percent of Taiwan’s gross domestic product.
incomes, having a tendency to smugly compare Beijing’s modern buildings to Taipei’s dated landscape, and holding an arrogant belief that their big Renminbi money talks.

Before these open policies started in 2008, the Taiwanese local people, who had little personal experience in meeting PRC Chinese, showed their antipathy against the dictatorial Chinese government only, while keeping the image of being Chinese associated with traditional Confucianism from a very civilized Middle Kingdom. Therefore, the claim of a double-recognition, of being “both Taiwanese and Chinese,” corresponded with a perception of currently being Taiwanese with the hope of learning genuine Chinese civilization in the distant future. Nevertheless, through increasing opportunities for face-to-face contact and the local media’s daily broadcast in Taiwan, these negative impressions of the Chinese tourists and vivid images of “the authentic and genuine Chinese,” who should have been civilized, have upset the people who claimed double-recognition of being “both Taiwanese and Chinese.” As a consequence of closer interactions between the two societies, the disappointed Taiwanese local people quickly abandoned their Chinese dream and, instead, openly expressed their stronger belief in the pursuit of distinguishing themselves from the so-called “Chinese.” Figure 4-2 shows the resurgence of claiming a “Taiwanese” identity after 2008 significantly gained from the declining claims of being “Chinese” and “Both Taiwanese and Chinese.”
Overall, the first presidential election with the Taiwan Strait missile crisis in 1995-1996, the second presidential election with a change of ruling party in 2000, the entrance to the WTO under the name of T.P.K.M. by the end of 2001, and the SARS incident in 2003 all created a kind of collective memory of suffering in Taiwan’s people.

The successful completion of direct presidential elections, joining the WTO under the name of T.P.K.M., and tackling global epidemic problems while under enemy threats not only made profound impressions on the minds of the people but, more importantly, greatly increased state autonomy and capability through the attainment of a national goal despite strong external pressure. Moreover, when open policies deepened and broadened the contacts between the Taiwanese society and Chinese society after 2008, the concepts of “China” and “Chinese” were re-defined by the local people of Taiwan.

Both the Taiwanese government and society have learned that their exclusive autonomy, capability, and civilization can and must be preserved with a better distinction between Taiwan and China, as well as Taiwanese and Chinese.

While confronting challenges in globalization and regionalization eroding the state autonomy and capability, Taiwan’s government and society have been learning to transform themselves gradually to maintain Taiwan’s existing legitimacy in global interactions. Together with its changing society, Taiwan’s government has firmly
established a new framework for debate on the issue of legitimacy in the global arena, especially facing challenges from China and the Chinese. To sum up, this tension continues to influence the trend in national identity among Taiwan’s people through various global affairs, economic and societal policies, democratic activities, and indigenization practices, all of which will be examined further in the next two chapters to predict Taiwan’s evolution in the globalization era.
Figure 4-1. The relationship between the ROC’s diplomatic countries and the PRC’s diplomatic countries (1950-2010)

Source: Figure compiled by the author; data from the ROC Ministry of Foreign Affairs
Figure 4-2. The relationship between global affairs and national identity of people in Taiwan (1992-2011)

Source: Figure compiled by the author; data from Election Studies and Survey Data Archive of the National Chengchi University (Taipei, Taiwan)
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Source: Figure compiled by the author; data from the ROC Ministry of Foreign Affairs
Chapter Five:

The Impact of the Sino-Oriented Global/Regional Governance Structure on Taiwan’s Transformation—Two Conventional Approaches to Forecasting Taiwan’s Future Scenarios

I. Introduction

Since the end of the Cold War, globalization has been much wider and deeper, yielding an era of global contact and growth on a scale that had never been witnessed before. The study of globalization, therefore, became something of a fad in the 1990s, and the meaning of it, accordingly, began to take on a somewhat positive tone in the early 2000s. Two reasons explained its popularity. On the one hand, many rapidly growing emerging markets from the Third World were considered major winners of globalization in terms of successful economic performance. On the other hand, previous critics of globalization had started to appreciate global connectedness as a primary approach to tackling such global issues as climate change, infectious diseases, financial crisis, and poverty. Globalization continued to accelerate until 2008, when the debt-driven global economic crisis occurred. Since then, the process of globalization, at least in its
economic dimensions, has appeared to slow down and perhaps even to retreat.\(^1\) A decline in global trade, capital flows, and immigration has been threatening the capital-market-driven integration process. Something of a backlash against globalization seemed to be forming.

Indeed, globalization is now at an ominous stage, in which the global economic crisis may well have important geopolitical consequences. In the United States, it is obvious that, after the worst economic slump since the Great Depression, the Obama administration has been constrained to shift its focus to internal national issues, especially unemployment, the banking industry, health care, and fiscal pressures—and this in the face of partisan legislative gridlock. In Europe, the Greek crisis is taken as a warning concerning Europe’s sovereign-debt problems in the euro zone, which is displaying its vulnerable economies and difficulty in reining in deficits and boosting growth. Japan is suffering in an even worse state, especially after enduring a “lost decade” of economic stagnation in the 1990s and early 2000s that left the Japanese government unable to provide for further easy credit for fueling both stock and real-estate speculation.

However, Altman discusses another episode of the globalization story:

Only China has prevailed. China’s growth did diminish but now may be picking up again. Recently, electricity consumption, freight shipments, and car sales in China have all increased. Its financial system is insulated and relatively unleveraged—and has thus been largely unharmed. This has allowed China to direct a recent surge in lending for stimulus purposes. Beijing’s unique capitalist-communist model appears to be helping China through this crisis effectively. And measured by its estimated $2.3 trillion in foreign exchange reserves, no nation is wealthier.²

Although the geopolitical stories are still developing within different areas, China’s impressive relative insulation from the global economic recession has enabled it to make strategic investments that other countries have not recently been able to make. Especially in East Asia, while facing the worst economic crisis since the Great Depression, the US and other traditional powers are losing their long-time regional hegemony, and China is gradually replacing them in their role of stabilizing the regional financial market.

Although these trends need to be proven over time, China is, indeed, playing an increasingly important and active role in joint efforts to combat the financial crisis and to

boost cooperation in promoting the welfare of countries in East Asia. These Sino-oriented financial stabilization projects—such as the emphasis on the Chiang Mai Initiative, the bilateral currency swap agreements with some ASEAN countries, the Investment Agreement for China-ASEAN FTA, an investment fund for ASEAN countries’ infrastructure networks development, and the extension of loans to ASEAN countries—not only reduce the effects of the financial turmoil on East Asia but also make China a credible option for taking a lead role in East Asian regional economic integration.

Nevertheless, largely due to its complicated historical and political background with China, Taiwan, while confronting the global financial crisis, remains a rather different state in the globalization process. Taiwan’s eagerness to join the global and regional integration programs mostly being strongly influenced, or even led, by China has prompted the Taiwanese government to adapt to different trajectories of adjustment or transformation. From the traditional schools of predicting globalization development, three different perspectives, as mentioned in Chapter One—skepticism, hyperglobalism, and transformationalism—can be applied to analyze the responses of the Taiwanese government. There seem to be three possible scenarios: a national welfare state based on skepticism, a competition state based on hyperglobalism, and a structural competition-state based on transformationalism. These scenarios are devised in terms of
the Sino-oriented global/regional governance structure. The next two chapters are dedicated to investigating these developments in terms of Taiwan’s transformation for global/regional integration processes.

II. Ordinary Scenarios of Taiwan Tied to a Sino-Oriented Global/Regional Governance Structure

Different perspectives give rise to different scenarios. The globalization schools of skepticism, hyperglobalism, and transformationalism, respectively, project the Taiwanese government as a national welfare state, competition state, and structural competition-state in three different scenarios tied to global integration and cooperation. The analyses follow two steps. On the one hand, because both skepticism and hyperglobalism belong to conventional analytic approaches and can be respectively related to economic nationalism and liberalism, this chapter will review these two traditional perspectives in terms of their normal scenarios. On the other hand, as discussed in Chapter One, the transformationalist school attempts to hybridize traditional nationalism and liberalism and suggests postinternationalism as its reformed analytic viewpoint, its unique and innovative prediction of Taiwan as a structural competition-state will be presented alone in the next chapter. The analyses to predict
the scenario outcomes will be explored in terms of key dynamics, states’ roles, and possible developments.

A. Economic Nationalism—A National Welfare State of Taiwan

The skeptics still view the state as the main actor in the trend of globalization, so their perspective can be identified as economic nationalism (or mercantilism).

1. Key Dynamics

Economic nationalism emerged in the 17th and 18th centuries in theories related to the relationship between economic activity and state capacity. The literature on economic nationalism is vast and varied, but this school generally adhered to three central propositions in terms of its key dynamics. First, the classic economic nationalists argued that state capacity and wealth were tightly connected. State capacity in the Westphalian state system was derived in large part from wealth. In turn, wealth was required to accumulate resources and power. Second, classic economic nationalists contended that trade provided one way for states to acquire wealth from abroad. However, doing so requires the state to achieve a positive balance of trade. In other

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words, wealth was produced while the state sold more goods to foreigners than it purchased from foreigners. Third, classic economic nationalists asserted that some types of economic activities were more valuable than others. In particular, economic nationalists were convinced that manufacturing activities should be promoted, whereas agriculture and other non-manufacturing activities should be discouraged. Hence, the state must play a dominant role not only in the growth of national economy but also in the upgrade of national economic performance.

The economic nationalism of today applies the following three propositions when confronting contemporary globalization. First, economic strength is a critical component of state capacity. Second, trade is to be appreciated for exports; hence, whenever possible, states should discourage imports. Third, some forms of economic activities are more valuable than others. Therefore, a state’s current approach for development is to prioritize information-technology industries over mature manufacturing industries and to prioritize the latter over the production of agricultural and other primary commodities.

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2. The State’s Role

The emphasis on national wealth as a critical component of state capacity, the maintenance of a positive balance of trade, and the priority of certain types of economic activity for development make the economic nationalist view a world where the state should play a large role in determining how society’s resources are allocated for the enhancement of national welfare. The market is only an uncoordinated process that is unable to allocate resources efficiently and will, therefore, damage economic development. Relying largely on the market results in an uncoordinated process that can cause inappropriate economic activity. Industries and technologies that may be desirable from the perspective of state capacity might be neglected, whereas industries that do little to strengthen the nation in the global arena may flourish. Consequently, the state might have difficulty maintaining a positive balance of trade, but it might also allow itself to become dependent on other countries for critical technologies, a situation that, in turn, will hurt its national wealth. Thus, the state must play a large role in its own economic development to ensure that resources in its territory are appropriately used. Sovereignty, in this case, is still preserved and ensures the state’s pursuit of national welfare in the global arena.\(^5\) In a sense, all the policies addressing globalization are

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\(^5\) Stephen D. Krasner, “Sovereignty: An Institutional Perspective,” *Comparative Political Studies* 21, no. 1
used to channel resources towards those activities that promote and protect the national interest and welfare and away from those that fail to do so.

3. Possible Developments — A National Welfare State Emphasizing Sovereignty while Protecting the National Welfare System

From the perspective of economic nationalism, the Taiwanese government should adopt policies that retain its state capacity and national power as high priorities while increasing its global profile incrementally. The Taiwanese government cannot surrender key areas of sovereignty to market forces and must, instead, develop its state capacity for the protection of its sovereignty, for instance, by preventing or restricting population and currency flows. While states have encouraged certain trends, such as increased flows of foreign investment and trade, the Taiwanese government must also display its capacity to impose restrictions on these flows, especially those related to outward investments.

These policies also ensure the improvement of national welfare. The possible developments of economic nationalism can, therefore, be described as a national welfare state that underlies a national welfare system that must be enjoyed exclusively by its subjects and protected legally by sovereignty. The vision of “Green Silicon Island”

(GSI), for instance, can be a product of the Taiwanese government in the scenario based on economic nationalism.

The vision of a GSI used to be a policy implemented by the former ruling DPP government. Since the 1990s, largely due to accelerated globalization, the Taiwanese economy has been restructured by the rapid growth of the scientific, information technology, and service industries, as well as the relative decline of traditional agricultural and manufacturing industries. Hence, the former Chen administration in 2000 announced a plan to develop Taiwan into a “Green Silicon Island” to maintain Taiwan’s economic miracle and state capacity under the trend of globalization, thereby ensuring a balance between national economic developments, its access to a globalizing market, and sovereign conservation.\(^6\) The project is guided by three major notions: The need to promote a knowledge-based economy, to constitute a social welfare state based on a just society, and to maintain a sustainable development. Together, these principles formed economic and political strategies to break through China’s block on Taiwan’s participation in international organizations.

Economically, the Taiwanese government has adopted policies not only to attract more foreign direct investment in the information-technology industry but also to restrict

outward investment, particularly in China. China, in the global arena, has been viewed as a rising economic competitor and, more importantly, a political threat to Taiwanese sovereignty. As a result, Taiwan’s China policies, economic openness, and integration were considered under the condition of supporting national sovereignty and interests in terms of the economic nationalist perspective. This support could ensure the creation of state revenues and the capacity for the development of national wealth, as well as the sovereignty that sustained the national welfare system, thus necessitating government intervention. Even though the former Chen administration was under severe pressure from the opposition, from Taiwan’s entrepreneurs, and from other foreign multinational corporations, the ongoing row over the implementation of three links—direct trade, air, and shipping links with China—showed that the former Taiwanese government was very reluctant to take any substantive step towards Beijing. In other words, the DPP’s economic nationalist approach resulted in the ban on the “three links” with China because these direct links would encourage Taiwanese-China-bound investment. This encouragement might also undermine the national wealth, governmental revenues, and state capacity, all of which would eventually cause great damage to the foundation of Taiwan’s welfare system.
Politically, the maintenance of national sovereignty and independence in a period of accelerated globalization was another priority under the plan of the GSI. The idea to maintain Taiwanese sovereignty was also based on the concept of a Taiwanese national welfare state, which was a long process of awareness, organization, education, research, and propaganda during the process of globalization. This process was a result of the fact that the ROC regime had too many Cold War hues that met with difficulties in building a healthy national welfare state, especially in its confusing subject and territory.\(^7\) The GSI plan, as well as the DPP government, was based on the idea that Taiwan and China were “two countries on each side (of the Taiwan Strait),” highlighting the difference between its “one China, one Taiwan” approach and the KMT’s “two-Chinas” idea and PRC’s “One-China” formula. This approach also articulated the former Chen administration’s uncompromising statement on Taiwanese sovereignty as being not only *de facto* but also *de jure*. Therefore, to distinguish Taiwanese from Chinese for the purpose of Taiwan’s national welfare system and to resolve the historical mismatch between the ROC’s *de jure* jurisdiction (China) and its *de facto* one (Taiwan) for clarifying the system’s implementation area, the government’s goals were to abolish the ROC regime and to establish an independent Republic of Taiwan (ROT). When it

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joined international organizations, for instance, the government hesitated to adopt certain terms related to “China” or “Chinese” in its representative titles because these terms would confuse the global community and might have less effectiveness for long-term sustainability of Taiwan’s national welfare system on a domestic level. Thus, not only has a national welfare state been developing, but the subject of the national welfare system was also clarified.

In terms of national identity, a national welfare state based on economic nationalism meant that the former DPP government would encourage the birth of a Taiwanese nation that had a closed door in terms of any vision of China. The objective of economic nationalism would then be to arouse greater Taiwanese national identity that marginalized anything Chinese in favor of an emphasis on Taiwan’s specific social security, political system, and economic strength, as well as the multiethnic culture of the Taiwanese before being acknowledged as a “normal” independent state known as ROT. Fundamentally, doing so required maintaining the operation of Taiwanese sovereignty to protect its achievement as a national welfare state in the global community. In other words, economic nationalism was considered a necessary approach to assure the existence of the

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Taiwanese government’s sovereignty that guaranteed the ongoing and independent healthy operation of Taiwan’s own national welfare system.

Even in the post-2008 era, when the DPP has become an opposition party, the philosophy of building a national welfare state for facing challenges of globalization still pervades this party’s statements and speeches. For example, in a seminar, Taiwan’s New Economic Development Strategies in the Globalization Era, in May 2010, which was held as a part of the DPP effort to formulate its 10-year policy guidelines, Tsai Ing-wen, the DPP’s chairwoman, criticized the current government’s economy-oriented development route. She stressed that the KMT government cared much more about short-term economic benefits and political effects by the economic integration policies with China than about upgrading of Taiwan’s industries, generation of job opportunities, improvement of wealth distribution, and establishment of long-term social-care transmission system and environmental protection networks. Although the DPP’s new approach has shifted from a sovereignty-centered to an economic development of Taiwan, no change has occurred in the party’s fundamental principles, with the current language still largely limited to the area of economic nationalism.

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In addition, largely due to China’s rise as another economic nationalism country in a globalizing context, the economic nationalist developments of the Cross-Strait relations are perceived in zero-sum terms. In other words, the gain of one party necessitates a loss for another party. Therefore, the scenarios are perceived to be in conflicting structures tied to the future of globalization.

B. Neoliberalism—A Competition State of Taiwan

With increasing interactions in the development of globalization, the concepts of states have been re-defined. Neoliberals wish to minimize the role of governments and celebrate the coming of a single global market; therefore, a process of denationalization in globalization can be identified in this school’s thinking. As a result, the future of Taiwan as a model of a competition state will be that of another Hong Kong, tied to the trend of the growing Sino-oriented global/regional governance structure.

1. Key Dynamics

The liberalism viewpoint was born in Britain during the 18th century to challenge the dominance of economic nationalism in state rules.\textsuperscript{10} First, a strong line between

\textsuperscript{10} Oatley, 8-9.
politics and economics was drawn by liberalists to support the argument that the main purpose of economic activity was not to expand state capacity and wealth but rather to benefit individuals. Second, liberalism contended that the maintenance of trade surpluses actually did not enrich states. Instead, states would eventually benefit from trade regardless of whether the balance of trade was positive or negative. Finally, the production of manufactured goods rather than primary commodities was unable to ensure that states would be made wealthier. Instead, from the liberalist perspective, states’ wealth could be efficiently accumulated by making products that they could produce at a relatively low cost at home and trade for goods that could be produced at home only at a relatively high cost. From these viewpoints, states should make as little effort as possible to influence their trade balance and to structure their economic activity because the main dynamics were influenced by the markets rather than the state’s wealth. Government efforts to allocate resources would only diminish a nation’s welfare.

2. The State’s Roles

The liberal school favors a market-based system of resource allocation that stands against a state-intervention argument as advocated by the economic nationalists. With top priority given to the welfare of individuals, liberals believe that societies will gain in
the most efficient way only when individuals are free to make their own decisions about how to use the resources they possess. As a result, instead of adopting the economic nationalist thought in which the state plays a key role in guiding the allocation of resources, liberals conclude that a market-based transaction system between voluntary people should be developed for the allocation of resources. Such transactions are mutually beneficial as long as the activities are voluntary. At the same time, the state plays a limited role in the processes because what the system needs from the state is only the function to establish clear rights concerning ownership of property and resources and perhaps some support in the areas of infrastructure and education. In particular, judicial systems created and supervised by the state machine can enforce the rights and contracts that transfer ownership from one individual to another.

Sovereignty, according to the liberalist discussions, can be explained as a gradual denationalization. These liberal arguments respect the power of the market and conclude that the sovereign state will eventually surrender effective control to the development of global markets. Therefore, the Taiwanese government may follow a scenario of embracing the “Hong Kong Model” as a competition state.

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3. Possible Developments—A Competition State Embracing the Hong Kong Model

Chinese leaders are hoping that China’s smooth resumption of sovereignty over Hong Kong will have a positive effect in its long-standing goal of reunification with Taiwan. Indeed, they hope that Taiwan will eventually surrender its sovereignty to the Greater China market because the notion of Taiwanese sovereignty impedes Taiwan’s further integration into regional and global markets. In other words, Taiwan surrendering its sovereignty will strongly benefit the improvement of its competitiveness in the global arena, creating what the hyperglobalists call a competition state. Therefore, today’s Hong Kong will be tomorrow’s Taiwan, in which the main mission of a state is shifted from protecting independence and sovereignty for providing social welfare to enhancing national competitiveness. This Hong Kong model can be explained as the formula of “one country, two systems,” to use the former Chinese leader Deng Xiaoping’s language.

Hong Kong as an administrative and economic entity under Chinese sovereignty adopted its unique political system as a non-sovereign state and a non-political entity.\(^{12}\)

\(^{12}\) Geping Rao and Zhenmin Wang, “Hong Kong’s ‘One Country, Two Systems’ Experience under the
Since 1997, Hong Kong has become a part of China, known as the Special Administrative Region of China (SARC), under Chinese authority. Hong Kong’s capitalist system is, thus, treated as one of two systems within the boundaries of the whole PRC territory.

The statement of “one country” has precedence over the concept of “two systems.” The concept of “one country” obviously indicates the host sovereign state—China. Hence, the phrase “one country” implies the traditional One-China Principle. Only by obeying the principle of “One China” can Hong Kong ensure that it enjoys access to the Chinese and regional markets as well as its high degree of autonomy, with this arrangement clearly subject to the central authority from Beijing. Therefore, China’s sovereignty is specifically manifested in the regulations of the Basic Law of SARC. This arrangement also signifies China’s ongoing development of its territory because no one except Beijing can elevate Hong Kong’s status, which must be retained as a non-sovereign state and non-political entity under Chinese sovereignty, even though it has become a global center for finance, trade, and shipping. The compensation to placate Hong Kong’s dissatisfaction with its decreased political autonomy and the stimulation to propel Hong Kong’s further Sinicization are its franchise access to an expanding Chinese market.

especially through the agreement of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA).

CEPA is the first free-trade agreement signed by China and Hong Kong in June 2003. With a building-block approach to the agreement, CEPA ensures that the two trade partners work more closely to maintain a continual introduction of further liberalization measures. These liberalization adoptions, mainly covering areas such as trade-in-goods, trade-in-services, and the Individual Visit Scheme, significantly expanded Hong Kong’s already close economic integration and cooperation with China. For example, CEPA provides both local and foreign companies established in Hong Kong an exclusive window of opportunity to gain access legally to the growing Chinese market so that Hong Kong can successfully serve as a springboard to integrate the Chinese market within the global market.13

According to a study from the Hong Kong Administration on the initial impact of CEPA14 on the Hong Kong economy, Hong Kong’s net additional capital investment for trade-in-goods was increased by CEPA from HK$103 million (US$13.2 million) in 2005 to around HK$239 million (US$30.7 million) in 2007, one year prior to the global

14 The initiative phases of CEPA respectively refer to the CEPA put into effect in January 2004, the Supplement to the CEPA in January 2005, and Supplement II to the CEPA in January 2006.
financial crisis occurring. Meanwhile, until the beginning of 2008, 22,429 CEPA certificates of origin had been issued, equal to over HK$8 billion (US$1 billion) worth of tariff-free treatment of imports into the Chinese market. As for trade-in-services, CEPA induced additional capital investment in 2004 at HK$1.0 billion (US$128.5 million), in 2005 at HK$4.5 billion (US$578.4 million), in 2006 at HK$4.8 billion (US$617 million), in 2007 at HK$5.4 billion (US$692.3 million), and in 2008 at HK$7.5 billion (US$961.5 million), making the cumulative amount between 2004 and 2008 equal to US$3 billion. As for the Individual Visit Scheme, by the end of 2006, 44 Chinese cities had implemented the agreement, enabling Chinese residents to make more than 17.2 million trips to Hong Kong. This number accounted for 39.4% of all 43.6 million trips made by Chinese visitors to Hong Kong, increased from 28% in 2004. In addition, Chinese visitors under the Scheme have contributed additional tourist spending of HK$ 22.7 billion (around US$3 billion) between 2004 and 2006, mostly to Hong Kong’s retail sector, hotels, and restaurants. The study also showed that about 35,000 new jobs had

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been created in Hong Kong between 2004 and 2006.\textsuperscript{17} Hong Kong’s GDP had reverted from -0.7% in the second quarter of 2003 to 4.0% in the third quarter of 2003 and 4.8% in the fourth quarter of 2003. It further increased to an annual growth of 8.6% in 2004, 7.5% in 2005, 6.9% in 2006, and 6.3% in 2007, prior to the financial crisis in 2008.

Although these rebounds might not be entirely attributable to CEPA, it played a key factor in boosting confidence in Hong Kong’s economy to start an early recovery. As a result, Hong Kong’s “One Country, Two Systems” model not only serves as a competition state but also as a non-sovereign and non-political entity that benefits a good deal from China’s continuing process of economic liberalization and growing market.

Moreover, today’s current economic development in the Western Taiwan Strait areas, particularly concerning the Fujian provinces, also manifests China’s increased desire to adopt Hong Kong’s liberalist model to Taiwan. Officially launched in May 2009, the Western Taiwan Strait Economic Zone can be seen as a liberal economic policy arising from Beijing’s intention to de-politicize Taiwan’s international status. By offering economic benefits to Taiwan for franchise access to the Western Taiwan Strait market with a population of nearly 80 million consumers, more than three times larger than Taiwan’s population, China’s new approach is to totally integrate the Greater China.

\textsuperscript{17} See “Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA),” Paper No. CB(1)1849/06-07(04), 3-4
market with Taiwan’s economic resources via a comprehensive interface. It is important to note that Beijing’s current rapprochement is largely limited to the adoption of economic liberalism and the area of economic cooperation, which are considered the substructure for long-term spillover effects on Taiwan’s social and cultural integration with the PRC. Consequently and ideally, the economic, social, and cultural foundations will eventually contribute to the political reunification of Taiwan and China.18

From the viewpoint of liberalism, a healthy competition state, as shown in the Hong Kong model, proves the potent force of the market. In this instance, a state without sovereignty can perhaps have greater flexibility in the pursuit of national competitiveness under continued globalization. For liberals, the question of how to maintain Taiwanese sovereignty and to enhance the government’s state autonomy has been replaced by how to improve national competitiveness by integrating appropriately the domestic market with the regional market and, further, with the global market. That is, Taiwan’s national independence, absolute sovereignty, national interest, and even national identity will be gradually surrendered to the emergence of a large Greater China market. The scenario of the Taiwanese government, from the perspective of the liberals, is a healthy competition state that imitates Hong Kong in embracing the Chinese market without the

operation of sovereignty. The lesson of national identity will be, much as it is today in Hong Kong, how to be Chinese rather than how to cultivate the concept of what it means to be Taiwanese. These developments also indicate that market relations will lead to positive outcomes for all so that the Cross-Strait relations will be essentially cooperative. In other words, the future developments of liberalism will be positive-sum.

III. Conclusion

By focusing on the two conventional schools of skepticism and hyperglobalism, the discussions of Taiwan’s scenarios of globalization have shown that both economic nationalism and liberalism underlie Taiwan’s recent pressure to re-conceptualize the state’s role in terms of its engagement in the globalization process. As a result, Taiwan’s state machine in the globalization era has reconstructed the concepts of sovereignty, statehood, nationhood, and national identity. In addition, the international great powers obviously possess relatively greater capacity to influence the directions of globalization, especially since 2008, with China’s increasingly influential role in the rebuilding processes of the global/regional governance structure. During this development, Taiwan is raising an urgent question as to whether the academic field needs to re-conceptualize the relationships among the process of globalization, the reforming structure of
global/regional governance, the evolution of power politics, and the transformation of state sovereignty and capacity.

The next chapter will draw upon the postinternationalism school that hybridizes viewpoints from economic nationalism and liberalism to forecast Taiwan’s development as a structural competition-state in the context of future globalization.
Chapter Six:

Taiwan Becoming a Structural Competition-State—A Postinternational Approach to Forecasting Taiwan’s Future

I. Introduction

The transformationalism school advocates an evolutionary path from an “international” thinking process to a “postinternational” one. The following sections in this chapter discuss this approach and apply it to the case of Taiwan. The conclusion will argue that Taiwan’s becoming a structural competition-state for globalization is not an entirely “new” phenomenon, but rather has been a longer-term process in which Taiwan’s situation has been gradually transformed by the rising volume of cross-border activities.

II. A Structural Competition-State—Postinternational Perspective on a State at the Semiperiphery Zone

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From the postinternational viewpoint, as the operations of states become more porous due to advanced technology and expanding global actors, states are forced to adapt to a set of globalizing conditions.

A. Key Dynamics

The term postinternationalism was coined by James N. Rosenau in the early 1990s:

The very notion of “international relations” seems obsolete in the face of an apparent trend in which more and more of the interactions that sustain world politics unfold without the direct involvement of nations or states.

Postinternational politics is an appropriate designation because it clearly suggests a decline of long-standing patterns without at the same time indicating where the changes may be leading. It suggests flux and transitions even as it implies the presence and functioning of stable structures. It reminds us that “international” matters may no longer be the dominant dimension of global life, or at least that other dimensions have emerged to challenge or offset the interactions of nation-states.²

Since Rosenau’s introduction of the concept, there have obviously been a number of important developments in contemporary global life. The first dynamic was the end of

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² Rosenau, Turbulence, 6.
the Cold War and its bipolar structure. Attention to some extent shifted from military security to economic welfare and accelerated economic globalization. Second, states’ territorially-based regulatory autonomy has slowly given way to more governance at global and regional levels through international governmental organizations (IGOs) and regimes. Third, there has been increased involvement of non-state actors, including multinational corporations (MNCs), international nongovernmental organizations (INGOs), and even individuals. Under such conditions, postinternational theory has seemed to “provide a better ‘fit’ with observable reality and a more accurate guide to changing political patterns and attendant norms.”

B. The State’s Role

According to postinternational thinking, the state still “retains a pivotal role in creating and maintaining governance in the global system because of the centrality of the connection between law and political authority.” Nevertheless, analytic attention needs to be focused on the changing structures and processes of governance mechanisms that

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3 Ferguson and Mansbach, 4.
the formal institutions and organizations through which the rules and norms
governing world order are (or are not) made and sustained—the institutions of
state, intergovernmental cooperation and so on—but also all those
organizations and pressure groups—from MNCs, transnational social
movements to the plethora of non-governmental organizations—which pursue
goals and objectives which have a bearing on transnational rule and authority

Jessop observes:

Even as states cede their claim to formal judicial sovereignty in the face of
growing complexity and interdependence among different functional systems
and seek to enhance their political capacities by participating in public-private
partnerships and/or delegating public responsibilities to private institutions and
actors, they are also becoming more involved in organizing and steering the

In other words, the state does not shrink or disappear, but transforms itself to adapt
to new conditions in the changing governance structures. Some scholars also describe
the state’s role as having shifted from providing welfare for its citizens to equipping the population with more competitiveness abilities and skills. States are thus encouraged to open their domestic markets; cooperate with IGOs, like the World Bank, IMF, and WTO; join regional trade blocs; and advance bilateral free-trade relationships. These not only increase the number of negotiated agreements and facilitate their institutionalization and implementation but also increase states’ competiveness and, via wider institutions, extend their potential regulatory power.

However, not all states enjoy the same capacity to influence global governance; therefore, some protectionism dictated by economic nationalism is expected. Clearly, the most developed and wealthy states carry the most significant weight in discussions of global governance because they are able to cast their vetoes to deny unfavorable arrangements or coerce other governance actors to follow particular sets of policies. Moreover, the 2008 financial crisis has demonstrated that developing countries with larger domestic and controlled markets have been more resilient during turbulent times. China is a good example in that it enjoys a greater say in global governance because of the larger sizes of its population, capital, and natural resources relative to other countries,

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8 O’Brien and Williams, 390.
as mentioned in Chapter Three. States, IGOs, MNCs, and INGOs tread more carefully when they deal with China than with lesser states. For example, it is much easier to exert pressure on a developed country such as Australia and Canada to not to engage in protectionism than on the developing but large country of China.

While most states are transforming themselves to meet conditions of global governance, those adaptations tend to differ insofar as states occupy different positions in the core-semiperiphery-periphery zonal structure of the global state system. “The core zone includes strong states that promote accumulation to further enhance their position, while the peripheral zone is the domain of weak states. The semiperipheral zone is an intermediate category.” Great powers, such as the US and China, belong to the core zone, whereas countries in what used to be termed the “Third World” comprise the peripheral zone. Other middle powers, such as Taiwan, have a history of being subjected to the influences of powerful core states, which have historically dominated over the global and/or regional governance structures. Nevertheless, these middle powers are fashioning policies aimed at achieving more political autonomy and capacity, a healthier economy, greater competitiveness, and improved status in global governance.

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structures. These middle powers as semi-peripheral states are focused “not just on the situation of dependency but also on how to overcome it,”\textsuperscript{10} and indeed “enjoy a certain measure of power that allows them a more autonomous relationship with the core” in the global and regional governance structures.\textsuperscript{11}

In states’ quest for more autonomy and status, sovereignty can be help or a hindrance. For some states, sovereignty means little more than “the fancy titles of dispossessed royalty: it guarantees admission to the club but will not necessarily help pay the dues or keep away creditors.”\textsuperscript{12} Yet “sovereignty continues to have a role to play in global politics because of the absence of an effective substitute.”\textsuperscript{13} A postinternational perspective tends to emphasize its pragmatic function of helping to structure trans-border relationships in a more interdependent global life rather than its traditional function of mutual recognition or nonintervention.

The following analysis will apply the concept of the structural competition-state, discussed in Chapter Two, to weigh Taiwan’s postinternational transformation.

\textsuperscript{11} Ibid.
\textsuperscript{12} Ferguson and Mansbach, 33.
\textsuperscript{13} Ibid., 120.
III. Possible Postinternational Development of Taiwan — A Structural Competition-State by Relaunching the Asian-Pacific Regional Operations Center Project

Postinternationalists frequently stress that globalization both historically and today has involved both integration and fragmentation. Taiwan’s history has been intertwined with global trade expansion since the Age of Exploration. Taiwan was not always an integral part of China but an important geographic pivot, ruled by great powers intent on expanding their regional trade networks. In other words, it was a peripheral vassal-territory strategically controlled by the core suzerain states to help protect their trade with China and Japan. The Portuguese and Spaniards discovered Taiwan Island first in 1593 but did not establish a colony until 1626 on the northern coast of Taiwan. They were competing with the Dutch, who found Taiwan later but set up their permanent colony base on the southern coast of Taiwan in 1624, under the aegis of the Dutch East India Company. Not until 1642, two years after Spain and Portugal were separated again, did the Dutch force Spaniards from Taiwan back to Manila, take over all their goods and property in Taiwan, and gain control of the triangular trade among Taiwan, China, and Japan. Then, a regional pirate heir who had a Chinese-Japanese mixed-race background, Cheng Ch’eng-kung, drove out the Dutch in 1662 and ruled Taiwan through
a series of sinicization policies, such as opening the Confucian temples and schools, encouraging Chinese literati immigrants, and introducing Mahayana Buddhism to Taiwan.

At the same time, the Cheng regime expanded Taiwan’s maritime trade with Japan, the Netherlands, England, the Philippines, and China to ensure its economic survival and security.¹⁴

By 1683, when the Cheng regime surrendered to the Chinese government, Taiwan had been well sinicized and was ready to be a vassal part of the Chinese Empire, although the island had developed as an independent sovereign state under the Cheng family for 21 years. However, the land-oriented Chinese Empire was not much interested in keeping Taiwan, which was important only for expanding maritime trade. The Chinese government initially made Taiwan a prefecture of Fukien Province and later ceded it to Japan after China lost the first Sino-Japanese War of 1894-95. Taiwan became a colony again, but governed by Japan for 50 years, and maintained itself as a regional transportation hub, especially during World War II, to protect Japan’s international trade networks. This arrangement also enmeshed people in Taiwan with Japanese state-sponsored cultural programs from “desinicization” at the early stage of colonial rule to “Japanization” at the end of the War. After the War, Taiwan was restored to China,

¹⁴ Chien-Chao Hung, A History of Taiwan (Gambalunga, Rimini, Italy: IL Cerchio Iniziative Editoriali, 2000), 84-99.
but it soon was involved with the Chinese Civil War and the Cold War, both of which
structured the island as a Chinese-bound independent state under the so-called
“One-China” vision, discussed in Chapters 3 and 4. Taiwan’s people experienced a
“re-sinicization” cultural program implemented by the China-originated KMT regime.

This brief review of Taiwan’s history reveals two facts. First, Taiwan’s
modernization and nationalization are based on the great powers’ arrangements, which
systematically mapped Taiwan’s position on the global and regional communication
routes. Second, the Taiwanese governments were not always independent states, nor
was Taiwan always a Chinese vassal territory. Its role as a bridge between the powers of
the West and the East affected the authority of the Taiwanese government. It is
important now to emphasize that, on the one hand, Taiwan was never a core state in
global life but always at the periphery, subject to the authority of great powers. On the
other hand, its pivotal position between the West and the East provided the island with
abundant assets to maintain a competitive position and significant autonomy. This
dissertation suggests that Taiwan’s future as a structural competition-state may prove to
be more than a little like its history.
A. Willing to be a Global Agent Functioning for Global Governance Missions

As a semi-peripheral state facing postinternational challenges from globalization, Taiwan is forced to transform itself for integration into regional and global governance institutions—especially the free-trade blocs in regional markets of the Greater China regions (Mainland China, Hong Kong, Macau, and Taiwan) and the ASEAN (the Association of Southeast Asian Nations)—and institutions like the WTO and the UN. This integration process is interpreted by Taiwan on a domestic level as a keen desire to expand Taiwan’s global participation to affirm its own independent statehood. However, even though the government enthusiastically displays its qualifications to contribute to global and regional cooperation and integration, its willingness to contribute still has to be acknowledged and then permitted by global core powers, especially the US and China. As a solution, Hong Kong’s model seems to put excessive emphasis on integration with China, and the DPP’s national welfare state model over-privileges fragmentation. These two models are thus increasingly regarded as impractical for Taiwan to implement, while becoming a structural competition-state may appear to be better-suited to Taiwan’s semi-peripheral status in global politics. Taiwan’s former strategic project, the APROC, is a good example of Taiwanese responses to prevailing circumstances and possible future options.
The Taiwanese government launched the APROC project in 1993 as a means of maintaining political and economic vitality and perpetuating the national image of the “Taiwan Miracle.” At the time, the ROC government was still operating in Taiwan as “ROC on Taiwan.” According to the official blueprint drawn up by the Taiwanese government, the goals of the APROC were to build Taiwan into a center in the Asia-Pacific region in six areas: manufacturing, sea transportation, airport transportation, finance, telecommunications, and media. Meeting these goals would have required Taiwan to accept standards and regulations from global governance mechanisms and to integrate them into Taiwan’s domestic policy and law making, infrastructure, and institutions.

In addition, the Taiwanese government had deliberately sought to engage with global communities, largely through global economic exchange, in which interlocking trade and investment relationships with other governance actors acted as an alternative or replacement for formal diplomatic relationships, sometimes via the agency of MNCs. To a certain extent, Taiwan accelerated the pace of its engagement in globalization through a state machine specifically re-defined to link with global governance in fields such as trade, finance, communication, transportation networks, advancement of energy.

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15 See “The Asia-Pacific Regional Operations Center (APROC),” available at http://park.org/Taiwan/Government/Theme/Asia_Pacific_Regional/apc02.htm
and production security, sustainable development, disease control, and livable environments. The full APROC project required the Taiwanese state apparatus to subject itself to the authority of global governance institutions, while the state’s own authority and legitimacy were systematically supported by its participation in and accomplishment of the global governance assignments.

Although the APROC project was suspended in 2000 because of increasing political and economic conflicts in Cross-Strait relations, which pressured Taiwan to adopt economic nationalism, the project’s essential nature to be an agent functioning for global governance missions has now been retrieved by the current Taiwanese government. Today, responsive in part to Taiwan’s internally developing nationalism, the Ma administration is attempting to leverage improved Cross-Strait relations to expand Taiwan’s international space to satisfy structural conditions. For example, Ma’s foreign policy of “viable diplomacy (huo lu wai jiao; 活路外交),” based on a belief in “diplomatic truce (wai jiao xiu bing; 外交休兵)” and a pledge of “three noes (no unification, no declaration of independence, and no war),” successfully stopped a zero-sum game of international recognition between Taiwan and China and has maintained Taiwan’s diplomatic relations with 23 countries since Ma’s first inauguration in 2008.
Another shifting policy is Taiwan’s strategy for affiliating with IOs. Since 2008, the Ma administration has decided not to apply for membership in the UN,\textsuperscript{16} but instead has fought for participation in UN-affiliated bodies, especially the World Health Organization (WHO), the United Nations Framework Convention on Climate Change (UNFCCC), and the International Civil Aviation Organization (ICAO). The idea is to win friends by functioning well in the global governance mechanisms, rather than stressing its sovereignty. In two different interviews, both Dr. Vincent W. Wang, a Taiwan Studies researcher from University of Richmond, USA, and Dr. Bih-jaw Lin, the former Deputy Secretary-General for the National Security Council and the Presidential Office of the ROC, coincidentally addressed this development of Taiwan’s shift from sovereign state-centrality to functional competence in global governance. In this connection, discussed below, the Taiwanese government has revived the APROC project.

\textbf{B. Being a Collaborator with Shared Sovereignty and Responsibility}

As a semi-peripheral state, Taiwan has prepared itself to become an agent for global governance by implementing governance treaties at the domestic level. Global

\textsuperscript{16} Taiwan had bid for UN membership since 1993 although different approaches were adopted between 1993-2006 through its application to “return” to the UN under the name of ROC and in 2007 by “joining” the UN under the name of Taiwan.
governance simultaneously operates both at the domestic and global levels, attempting to address global problems partly by disseminating and distilling information, and interlocking domestic rules and regulations with international ones. Within such interactions, “states are able to distribute the costs of governance associated with a collective problem to all the participating states.”

These mechanisms “are not only useful in enforcing agreements; they also increase the costs of non-participation and enhance the credibility of commitments.”

There is a dual advantage in participation, both the benefits that flow from collaboration and avoidance of the damages that being marginalized might entail, especially for Taiwan. When Taiwan formally participates in global collaboration, not only does it join with other governance actors to address common problems, but also its own behavior and operation are, in effect, curbed by them. Collaboration in governance is about both controlling and being controlled. Consequently, Taiwan incurs sovereignty costs in state transformation while gaining status as an influence in global governance.

In fact, as a response to increasing regional collaboration and integration agreements based on the preferential trading arrangements (PTAs) in East Asia and the Asia-Pacific, the current Ma administration has renewed proposals of the APROC as

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17 Srini Sitaraman, *State Participation in International Treaty Regimes* (Burlington, VT: Ashgate, 2009), 1
18 Ibid., 1-2.
Taiwan’s transformation model. It is seeking to embed the island in a web of regional collaboration projects that will gradually nudge Taiwan to perform as a collaborator supporting the ratified treaties, thereby improving Taiwan’s global position and competitiveness. During its introduction in the mid-1990s, the APROC plan was essentially a globalization product instituted in the hopes of resolving questions of Taiwanese sovereignty and access to global and regional collaboration projects, especially the Asia-Pacific Economic Cooperation (APEC), the Association of Southeast Asian Nations Plus Three (ASEAN+3 or APT), and the Trans-Pacific Partnership (TPP).

Today, under a reformed APROC scheme, while some political and economic negotiations still debate the name of the Taiwanese government, the government accepts varied and flexible names from its historical experiences, including the ROC, Chinese Taipei, T.P.K.M., Taiwan, and so on, to integrate further with global governance, participate in useful projects, and enhance its status on a practical basis. Hence, as Krasner would express it, while pursuing collaboration, the Taiwanese government focuses more on the maintenance of domestic sovereignty (authority within the state) and interdependent sovereignty (ability to regulate cross-border flows), rather than international legal sovereignty (based on mutual recognition) and Westphalian
sovereignty (the traditional principle of non-interference). In this respect, “[t]he various kinds of sovereignty do not necessarily covary” as a result of regional and global collaboration practices, which actually allow states to extend their influence over a wider range of policies and programs.

Moreover, this collaboration approach is based on a belief that Taiwan’s national security and future well-being as an *interdependent* state, either under the name of ROC (advocated by the KMT party) or Taiwan (preferred by the DPP party), hinge to a great extent on its embeddedness in the global economy. Thus, globalization has become part of a consensus shared by both the ruling and opposition parties. Given the traditional security concern of persistent military threat from China and, more recently, the nontraditional threats to security stemming from nonsovereign actors and other malign influences—such as terrorists, corporate scandals, financial crisis, contagious diseases, and natural disasters—Taiwan has become even more invested in global collaborative agendas. As a semi-peripheral state, Taiwan’s compromise of some parts of its sovereignty for more collaboration will help ensure the country’s survival over the longer

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20 Ibid., 180.
22 Generally speaking, the KMT camp believes Taiwan’s access to the pro-China governance mechanisms is its first and preliminary step to ensure Taiwan’s next regionalization and globalization progress, whereas the DPP camp takes the opposite approach of engaging with other governance institutions first, before the pro-China ones.
term. In sum, somewhat paradoxically, collaboration and liberalization are widely seen as the best strategies to maintain Taiwan’s semi-sovereign status in the context of the APROC project and the propaganda of “ROC on Taiwan.”

C. Emphasizing Competitiveness in Interaction with Other States

Another advantage of collaboration, for a semi-peripheral state, is that it may strengthen its bargaining power to negotiate with powerful core states. Examples can be found in Singapore’s global position and negotiation capacity being promoted by its participation in the ASEAN and Hong Kong’s closer relationship with the Greater China markets. For the case of Taiwan, the move of reviving the APROC is an attempt not only to find a compromise between Taiwan’s sovereignty concerns and its access to regional collaboration projects but also to improve Taiwan’s national competitiveness. The questions as to how to update the concepts of this plan and to put them into effect are now being discussed again by the current ruling KMT party, even though increasing threats are still coming from China. It is clear that the current Ma administration is seeking to make the improvement of Cross-Strait relations the first priority in re-launching the project. These liberal policies, especially scheduled charter flights directly flying between Taiwan and China and the opening of Taiwan to Chinese tourists,
as well as agreements on a memorandum on financial supervisory cooperation and on an
ECFA (Economic Cooperation Framework Agreement) for trade agreements with China,
are considered key measures in linking Taiwan with the Chinese governance areas.
Through these moves, Taiwan is attempting to take advantage of the spillover effects of
its improved and closer relationship with China to display its unique competitive
advantage in global governance networks. At the same time, Taiwan’s interests will
both directly and indirectly benefit from its closer involvement in the Chinese market,
which has institutionalized its integration projects with the regional and global markets.  
For example, thanks to formalization of the ECFA in September 2010, which increased
Taiwan’s bargaining power in trade negotiations, Taiwan’s main trading partners, such as
the US, Japan, Singapore, and the EU, are more interested in negotiating bilateral free
trade agreements with Taiwan.  
Through this scheme, Taiwan will not be easily
marginalized and neglected during the interactions of regional integration processes in
East Asia and the Asia-Pacific, especially the APT and TPP. Under this
competitive-oriented arrangement, the initial APROC spirit of interdependence can be
established as well.

23 Taiwan’s recent closer developments with China have raised another discussion about whether Taiwan is moving towards Finlandization. See Bruce Gilley, “Not So Dire Straits: How the Finlandization of Taiwan Benefits U.S. Security,” Foreign Affairs 89, no. 1 (January 2010), 44-60.
In a public interview conducted by CNN’s chief international correspondent, Christiane Amanpour, President Ma commented on the current disputes over his China policy, which has been blamed for making China the panacea for Taiwan’s economic and security problems. He indicated that those open policies to China, especially concerning the ECFA policy, “will be very beneficial to Taiwan not only to increase export but to attract more foreign direct investment from abroad.” In President Ma’s view, the overall aim of signing the financial memorandum and the ECFA with China is “to help people with doing business and to enhance Taiwan’s competitiveness.” Furthermore, in a meeting with Michael E. Porter, a Harvard Business School professor and US leading authority in corporate strategy, President Ma re-emphasized the signing of a wide-reaching trade pact with China and indicated that the ECFA, in particular, would help upgrade Taiwan’s national competitiveness through participation in East Asia’s regional economic integration. According to Ma, these strategies simply concluded Taiwan’s unique globalization approach “with Taiwanese characteristics.”

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This policy-making process manifests Taiwan’s shifting priority from building a national welfare state into addressing national competitive advantages in terms of globalization. At the domestic level, the government lowered the estate and gift taxes from the previous level of up to 50% to a fixed rate of 10% in 2009 (while Japan’s rose to 70%, Korea’s to 55%, and China’s, Singapore’s and Hong Kong’s were at 0%). It also reduced the corporate income tax rate from 20% to 17% in 2010 (with Japan’s at 30%, China’s at 25%, Korea’s at 22%, Singapore’s at 17%, and Hong Kong’s at 16.5%) to encourage more MNCs to establish their Asian regional headquarters in Taiwan.

At the regional level in East Asia, after the launch of direct Cross-Strait flights in 2008, scheduled routes of Cross-Strait direct flights in December 2011 have been surging to 558 per week, covering 41 cities in China. As though to testify to the postinternational assertion of the declining significance of territory, the Taiwanese government formed the “Northeast Asia Golden Aviation Circle.” Under the plan, Taipei City’s Songshan Airport, previously merely a domestic airport and military airbase, has been transformed to serve as a regional business airport in Northeast Asia, forging direct links between Taipei and airports in Shanghai as of June 2010, Tokyo as of October 2010, and Seoul as of March 2012. This revolution in the Taiwanese aviation industry is expected to make Taiwan the flight hub of Northeast Asia, eventually solidify the status
of Taiwan in the region and boost Taiwan’s national competitive advantage regarding global transportation routes.

At the global level, this competitive-oriented thinking further led the Ma administration to postpone Taiwan’s previous bid for membership in the UN; instead, its appeals turned to bids for participation in any IGOs that could help increase Taiwan’s national competitiveness. As mentioned, the current goal is to join the WHO, UNFCCC, and ICAO, mainly to manage effectively global cross-border nontraditional security concerns that have become principle threats to national competitiveness. Moreover, for the postinternationalists that emphasize individuals, the resources of national competitiveness are not primarily built on mutual recognition between states but lie in facilitating cross-border flows. Taiwan is encouraged to implement a more viable diplomatic approach mainly to regulate transnational flows efficiently. This approach also succeeded Taiwan’s previous traditional diplomatic approach of merely winning diplomatic recognition in global politics. Efforts by the Ma administration since 2008 have produced a postinternational result in which ROC passport holders were granted visa-free trips to 124 countries around the world in December 2011, increased from 54 in March 2008. Taiwan has also recently been nominated to the US Visa Waiver Program and is expected to be officially granted the US visa-free privilege in the second half of
2012 at the earliest. All these changing policies have significantly upgraded Taiwanese global competitiveness, both for Taiwanese national businesses and individual entrepreneurs.

According to the *World Competitiveness Yearbook* by the International Institute for Management Development (IMD), Taiwan continues its ascent in national competitiveness from 18th place in 2007, 13rd in 2008, 23rd in 2009, 8th in 2010, and 6th in 2011. Because Hong Kong and Singapore are perennially ranked as the most competitive states measured by the IMD, a Taiwanese governmental newspaper noted that Taiwan should imitate them because “Taiwan is a small, open economy” and, more importantly, “maintaining a high level of competitiveness is a crucial factor in long-term national development. A lasting, unbeatable edge is a must” tied to Taiwan’s future ambitions in a significantly globalized world.28

D. Containing Historical Spatiotemporal Memories in the Diverse Relationships with Other Governance Actors

Although the state is often considered to be almost a natural phenomenon, in fact the modern state system emerged no earlier than 17th century in Europe and the concept

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the nation-state is best associated with the rise of nationalism as an ideology in the 19th
century. Being that as it may, today the nation-state is typically associated with both a
territory and a people, albeit sometimes (as in the United States) a rather diverse
population. Ferguson and Mansbach observe that, as fission and fusion in a
postinternational era continue to have their effects on the state both spatially and
temporally, “the search for new identities and the revival of old ones that can provide
coherent collective norms intensify.” 29 Thus, “[o]ld identities and loyalties rarely vanish
completely in the course of conflict but instead lie dormant, ready to be resurrected or
reconstructed,” 30 resulting in multiple identities and loyalties of individuals that are all
supposedly “contained” within what often prove to be rather artificial sovereign
boundaries. The path of Taiwan under the influence of increasing globalization offers a
case in point.

As already mentioned, since the Age of Exploration, Taiwan has attracted various
cultural groups, including the Dutch, Spaniards, Han Chinese, and Japanese. With the
inclusion of the Taiwanese aborigines, who had resided in Taiwan since before the Age of
Exploration, each of the resident peoples brought with them their own cultural traits,
languages, customs, beliefs, values, technical abilities, economic types, and political

29 Ferguson and Mansbach, 22.
30 Ibid., 24.
systems. Today, Han Chinese account for about 97 percent of the population on the island while less than 2 percent are aborigines. Within the Han Chinese group, about 87 percent are Hoklo (71.4%) and Hakka (15.3%), whose ancestors migrated from China to Taiwan long before the KMT regime’s coming in 1945. The remaining 13 percent are Mainlanders, including those who relocated to Taiwan from China after 1945 and their offspring born in Taiwan.

A recent social phenomenon even has been a growing number of foreign nationals residing in Taiwan who have given rise to a fifth ethnic group, the New Immigrants. This new migrant group arrived as recently as 20 years ago, when the Cold War structure collapsed. New immigrants come from even more diverse countries and cultural backgrounds, and their population, though less than 2 percent of Taiwan’s total population in 2010, has been increasing more rapidly than earlier arrivers. In 2004, nearly 13.3% of the Taiwanese babies were born to New Immigrant families, compared with only 6% in 1998, a more than 100% increase in 6 years. Their diverse national identities and family stories further shape the ongoing transformation of Taiwan’s state.

Therefore, like most states affected by globalization, the given geographic space of Taiwan has also undergone a series of changes in its human landscape as successive peoples of varying cultural traits immigrated. A broader historical review, consist with
postinternationalism, reveals that Taiwan has been transformed from an imagined
Taiwanese nation on Taiwan Island into a nation learning to harmonize the spatiotemporal
memories of different immigrant groups within the same territory.

However, claims of being “Chinese” and “Both Taiwanese and Chinese” will not be
easily eradicated largely because the Han Chinese influence still dominates Taiwan’s
society, even though both claims have recently been gradually declining. More
importantly, because the intention of a reformed APROC project is to motivate Taiwan’s
integration with East Asia and the Asia-Pacific, many more immigrants moving from
regional areas to Taiwan are expected. Thus, identities in Taiwan will become even
more diverse and may reshape Taiwan’s Han Chinese-oriented society as part of Taiwan’s
globalization path. In addition, during the regional integration process, authority and
loyalty invented or resurrected by the regional governance institutions that Taiwan
participates in will also serve as the bases of self-identity. These new identities and
revived old identities make the singular “Taiwanese” citizenship and nationality
insufficient to define who a citizen is and where her or his loyalties lie, and those
allegiances may lie far down the identity hierarchy of Taiwan’s people. More multiple
national identities are expected in Taiwan’s globalization practices as a consequence.
Moreover, at the state level, although the concept of the ROC government in Taiwan is completely different from the one it established in mainland China in 1912, its governing history has been stored in Taiwan’s experience since 1945. These Chinese-bound politics and society, therefore, will hardly be removed, not only due to the given international structure discussed in Chapter Three but also because its state features still have a heavy Chinese-bound influence. This situation also contributes to a postinternational phenomenon in which both Taiwan and the global community find a “comfort zone” in “Chinese Taipei” or “ROC on Taiwan” for Taiwan’s participation name in global and regional governance, especially when the name of “Taiwan” has been formally banned by China.

These postinternational conditions are mixed with the dynamics of globalization that take into account the hybridizing phenomena of liberalism and nationalism. They not only stress the national competitiveness emphasized by liberalism but also attend to Taiwan’s nationalist desire to integrate itself into the global community. This atmosphere both urges and constrains possible developments of the state machine’s transformation, and the consequences tied to Taiwan’s future of globalization will be a reflection of a structural competition-state with a multilevel national identity based on the Taiwanese identity. At the same time, while postinternationalism views the
developments of Taiwan’s globalization as essentially cooperative in nature due to its more flexible approaches, these phenomena will still be in tension with cooperation and embeddedness.

**IV. Conclusion**

By recognizing states still have a major role to play in global politics, postinternationalists assert that both concepts of sovereignty and features of nation and state are transformed to fit hybridized phenomena in global governance, deepening and broadening interdependent relationships between governance actors. Moreover, within the governance interactions, because the powerful core states are more able to take advantage of globalization as a means of increasing their influence, the semi-peripheral state of Taiwan continues to search for acceptable approaches to adapting to these new conditions. As a result, concepts of a structural competition-state forged by postinternational thinking feature Taiwan’s recent transformation process that leads the government to revive its APROC project. Under this project, not only is the improvement of Taiwan’s national competitiveness addressed for further integration but Taiwan’s nationalist desire is also expanded from building a Taiwanese nation-state to managing the increasing cross-border flows, especially goods, humans, loyalties, and
memories, which, however reciprocal, contribute to fragmentation. The case of Taiwan could, therefore, conclude by predicting the sequential transformation of the Taiwanese state and its external relationships in future years.
Part III

Conclusion
Chapter Seven:

Conclusions and Recommendations for Future Research

I. Taiwan’s Globalization Practices under China’s Shadow

During the Cold War, developments in the international system, as well as redirections in the policies of great powers in the region, generated the most important impetus for change, resulting in evolution and transformation of the ROC regime, especially the process of democratization. However, after the 1990s, the unintended consequences during the period of accelerated globalization had a profound impact on Taiwan’s modern state building. Rather than moving towards the end of the nation-state, globalization increasingly triggered adoption of the Taiwanization policy in the state, as well as fueled awareness of the Taiwanese identity in the society. Consolidation and indigenization with the purpose of being a sovereign nation-state guided the transformation that laid the material and structural foundation for the development of nationalist aspirations while shaping the comprehension of the incumbent elite.

Propelled by accelerated globalization, these dynamics helped Taiwan find better coherence between the state and native society, both of which committed all investments to a Taiwanization nation-building project. In addition, the increasing importance of
international organizations and transnational institutions has given people in Taiwan stronger aspirations to pursue recognized statehood or recognition as a nation-state because Taiwan’s exclusion from these organizations and institutions in global communities has fostered a sense of injustice and collective anxiety about being an “orphan” in the context of global politics. The consequences were several: The process of Taiwan’s globalization blurred the artificial divide between the local (Taiwan Province) and national (the ROC regime) politics, redefined the political terrain on which the mainland and native elites engaged with one another, compelled the state to redefine the scope of citizenship in closer accord with the de facto territoriality, subtly undermined the official One-China claim, and fostered awareness of Taiwanese identity and popular aspiration for independent statehood.

Meanwhile, Taiwan’s position as a semi-peripheral state in global politics and its complicated historical and political background with China have imposed fundamental constraints on the island’s globalization trajectory. In fact, in the face of the worst economic crisis since the Great Depression, several analysts have indicated that China is gradually catching up with the role of the US and other previous core states in stabilizing global financial markets, especially in Europe and East Asia. These surging Sino-oriented financial stabilization projects and arrangements significantly demonstrate China’s rising
structural power in global and regional governance. They not only reduce the effects of the financial turmoil on the global economy but also make China a credible option for taking a lead role in both global and regional economic integration institutions. This character of recent globalization highlights the increasing Sino-oriented forces that both force and attract Taiwan into China’s orbit.

Indeed, the pressure of Taiwan’s eagerness to join global and regional governance in light of China’s rising influence has led Taiwan to adopt different stances. Three different schools regarding globalization developments—skepticism, hyperglobalism, and transformationalism—suggest three possible scenarios for Taiwan, especially in responding to China’s rising structural power in global politics. They are a national welfare state based on skepticism, a competition state based on hyperglobalism, and a structural competition-state based on transformationalism. These three possible developments are reviewed below.

First, from a skeptical perspective, Taiwan becomes a national welfare state. An anomaly in terms of its ambiguous international status, Taiwan’s case is so idiosyncratic as to defy generalization. Taiwan seems to contradict common speculations that globalization will eventually lead to the waning significance of nation-states and/or nationalism. However, by virtue of being an anomaly, Taiwan sheds new light on the
theoretical interpretation of the skeptics, who assert states’ growing importance with more rules from governance mechanisms and with active promotion of globalization. In Taiwan’s case, certain forms of globalization have been seen as dynamics that strengthen aspirations to pursue statehood and nationhood. While associated with its economic nationalist policies, especially the GSI plan, Taiwan will be led to a “Taiwanization” national welfare state with greater Taiwanese national identity in favor of an emphasis on Republic of Taiwan’s state building to protect its national welfare system in the global community. Unfortunately, this developing project will inevitably have a head-on collision with another economic nationalism—that of China—, putting the security and well-being of the people in Taiwan at grave risk.

Second, hyperglobalists might well project another scenario as part of Taiwan’s globalization: a pure competition state. In fact, China is using its large rising structural power to recover its national glory, especially after its impressive stability during the current global economic recession. Ironically, during China’s globalizing process, from the hyperglobalist perspective, Hong Kong was seen as a template for managing the new dangers and opportunities of globalization. This Hong Kong model—the formula of “one country, two systems”—allows Hong Kong as a non-sovereign state and non-political entity to enjoy every global market, especially the Greater China market.
Therefore, from the liberalist speculations about globalization, the market holds potent and positive forces that encourage a competition state to develop. A state pursuing competitiveness instead of protecting sovereignty can benefit more from the global market because its flexibility fits the new phenomena of globalization. In this regard, Taiwan’s pursuit of independence, sovereignty, national interest, and the Taiwanese national identity is out of date in the era of globalization. Eventually, the argument goes, those dated notions will be surrendered to the Greater China market because they hinder Taiwan from further regional and global integration. In sum, liberals see a Taiwan tied to the future of globalization like another Hong Kong: a competition state embracing the Greater China market without the operation of sovereignty and re-learning how to be Chinese rather than cultivating a Taiwanese identity.

Finally, the transformational school’s postinternational viewpoint would seem to forecast Taiwan’s development into a structural competition-state tied to future globalization. By recognizing the importance of individuals, history, and sociology, postinternationalists believe that some notions of sovereignty must be preserved and transformed to adapt to the hybridized features of the globalizing epoch in which states have deeper interdependent relations. States not only must improve their own national competitiveness for further integration but also need to manage the dynamics of
fragmentation created by globalization. The result is a structural competition-state. In Taiwan’s case, its APROC project is typical of a structural competition-state and may be the only practical way to maintain Taiwan’s further globalization and regionalization. Taiwan’s unceasing investment in a globalizing agenda can assure its status quo and enhance its security and competitiveness, even while facing a growing political and economic threat from China. Due to the interdependence inherent in globalization, if Taiwan were to be damaged, to protect their own national interests, other core powers would intervene to resolve global collaboration and market failures. Paradoxically, this transformed liberalization, hybridized with nationalism, is proposed as the best strategy for preserving Taiwan’s current nation-like or quasi-nation status quo. While adopting the name of “Chinese Taipei” and the propaganda of “ROC on Taiwan” under the APROC project, Taiwan’s compromise of its sovereignty to become a structural competition-state will usher in a future of globalization with a multilevel national identity based on the Taiwanese identity. However, although the forecast is that Taiwan’s globalization practices are likely to be more collaborative and flexible, there obviously still remains a good deal of uncertainty concerning Taiwan’s future.

In the recent presidential and parliamentary elections that Taiwan held on January 14, 2012, President Ma won with nearly 52% of the vote, and his KMT continued to hold
the legislature. There are three notable features of this result that support the forecast of Taiwan’s becoming a structural competition state. First, the opposition DPP party, standing by the policy of economic nationalism that upheld building Taiwan as an independent national welfare state, received only about 46% of the vote. Their policy was therefore apparently regarded as too being conventional or having insufficient content to face the challenges of globalization and China’s rise. Second, the issue of improving Taiwan’s national competitiveness has replaced the traditional considerations of protecting Taiwan’s national sovereignty. Finally, Taiwan’s semi-peripheral status has been reoriented not only to serve the Taiwanese nationalist constituencies but also to satisfy the structure of global governance that privileges some specific great powers.

During the election, while Beijing and Washington did not publicly endorse President Ma, it was an open secret that both China and the US preferred Ma’s pragmatic approach (the 1992 Consensus) to Cross-Strait relations, even though the Consensus was domestically criticized for its lack of legitimacy and transparency. The two great powers’ influence concerning the range and scope of Taiwan’s business ties and their willingness to sponsor Taiwan’s limited entry into global governance were therefore seen as a crucial factor in the election.
In addition, unsurprisingly, Ma’s re-election has also further accelerated Cross-Strait negotiations in the post-2012 election period. On March 22, 2012, President Ma sent former KMT chairman, Wu Poh-hsiung, to meet with Chinese President Hu Jintao in Beijing at the annual forum between the KMT and CCP, during which Wu raised a proposal of defining Cross-Strait relations as “one country, two areas (Taiwan Area and Mainland Area).” Although this definition was nothing new, the move, in fact, was the first time that Ma made the concept “official” to his Chinese counterpart and signaled a continuous construction work of the interpretation of “One-China.” As President Ma in the election campaign had publicly announced that Taiwan was prepared to sign a peace treaty with China within the next decade, local media and scholars had speculated that this political gesture was intended to pave the way for the One-China framework for both sides to turn on Cross-Strait political negotiations.¹ The interpretation of “One-China” will therefore continue to pivot to Cross-Strait’s future, as well as to Taiwan’s transformation projects to attain globalization.

¹ See http://www.agile-news.com/news-1152261-The-media-said-one-country-two-or-Taiwan-to-promote-cross-strait-political-negotiations-signals.html
Identifying these critical issues in the debate creates an intellectual foundation for thinking about how a semi-peripheral state will respond to the trend of globalization.

The three scenarios discussed above are summarized in Table 7-1.
Table 7-1. Scenarios of the Taiwanese government tied to the future of globalization

<table>
<thead>
<tr>
<th>Tendencies of Globalization</th>
<th>Skepticism</th>
<th>Hyperglobalism</th>
<th>Transformationalism</th>
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<tbody>
<tr>
<td><strong>Embarkation</strong></td>
<td>Economic nationalism</td>
<td>Neoliberalism</td>
<td>Postinternationalism, hybridizing thinking of nationalism and liberalism</td>
</tr>
<tr>
<td><strong>Typification of state type for Taiwan</strong></td>
<td>National welfare state</td>
<td>Pure competition state</td>
<td>Structural competition-state</td>
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<tr>
<td><strong>Main political supports in the Taiwanese case</strong></td>
<td>The DPP party</td>
<td>The PRC government</td>
<td>The KMT party</td>
</tr>
<tr>
<td><strong>Possible developments of Taiwan</strong></td>
<td>Focusing on enhancement of social welfare by addressing the importance of Taiwan’s sovereignty</td>
<td>Embracing the Hong Kong model through emphasizing the improvement in national competitiveness</td>
<td>Re-operating the plan of the APROC that hybridizes the philosophy of economic nationalism and neo-liberalism</td>
</tr>
<tr>
<td><strong>Possible developments of Cross-Strait relations</strong></td>
<td>Moving towards “One China, One Taiwan” by building an independent Republic of Taiwan</td>
<td>Moving towards “One Country, Two Systems” by accepting PRC’s One-China Principle</td>
<td>Moving towards “Two Chinas” by competing for the interpretation of One-China</td>
</tr>
<tr>
<td><strong>Tendencies of national identity in Taiwan</strong></td>
<td>Towards exclusively the Taiwanese identity</td>
<td>Increasingly towards the Chinese identity</td>
<td>Multilevel identity based on the Taiwanese identity</td>
</tr>
<tr>
<td><strong>Possibility</strong></td>
<td>Weak</td>
<td>Weak</td>
<td>Strong</td>
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Source: Created by the author
II. Theoretical Findings and Recommendations for Future Research

The case of Taiwan’s remarkable transformation provides compelling evidence for the need for scholars and policy-makers to re-conceptualize the relationships among the process of globalization, the evolution of power politics, and the transformation of state sovereignty and capacity. The semi-peripheral state of Taiwan has undergone substantial redefinition and adaptation. Both globalization and power politics have strongly re-emphasized and re-shaped Taiwan’s practice of sovereignty, statehood, nationhood, and national identity. Power politics is involved because the core powers have more authority and capacity to influence the directions of globalization, as demonstrated by China’s stronger say in the reform projects in the IMF and World Bank globally and in the economic integration and cooperation processes in East Asia regionally.

Finally, this dissertation also highlights an intellectual gap between the theories of globalization and case studies of state typification that explain states’ various responses to different conditions of globalization. The gap owes largely to privileging nationalism over liberalism, or vice versa, rather than systematically exploring what is often the wide range for adaptations available to particular states. Postinternationalists have made their
first attempts at closing or at least narrowing this gap, but many other analysts need to join in the quest for better understanding and explanation.
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Legislative Council Panel on Commerce and Industry. 2006. “Mainland and Hong Kong
Closer Economic Partnership Arrangement (CEPA) – Impact on the Hong Kong


Curriculum Vitae
Yi-Chun Lin Ph.D.

Current Status in 2012
Division of Global Affairs, Rutgers University
Doctor & Teaching Assistant
Chinese (Taiwan) Yearbook of International Law and Affairs
Editor
Journal of Global Change and Governance
Senior Editor

Academic Background
Rutgers University
Division of Global Affairs; Doctor of Philosophy; GPA: 3.92
Dissertation: The Transformation of Taiwan into a Structural Competition-State Facing China’s Integration into the Global Community
Committee:
Yale H. Ferguson (Chair), Carlos Seiglie, Richard Langhorne, Leslie Kennedy

Rutgers University
Division of Global Affairs; Master of Arts; GPA: 3.88

National Chengchi University (NCCU, Taipei, Taiwan)
Graduate Institute of East Asian Studies; Master of Arts; GPA: 4.00

National Chengchi University (NCCU, Taipei, Taiwan)
Department of Ethnology; Bachelor of Arts; GPA: 3.58

Areas of Interests
Globalization, Global Governance, Global Political Economy, Regional Governance Architecture, Integration in East Asia and the Asia-Pacific, China Studies, Cross-Strait Studies

Professional Conference Participation
“China’s One-China Principle and Taiwan’s Participation in Global Governance.” Paper presented at the 2012 annual conference of the International Studies Association (ISA), San Diego, CA

“Does Dependent Variables Matter?” Paper presented at the 2012 annual conference of the International Studies Association (ISA), San Diego, CA


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<th>Conference/Location</th>
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**Major Academic Honors**

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<tr>
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<td>2011</td>
</tr>
<tr>
<td>Received the Taiwanese government scholarship from the Ministry of Education for two years</td>
<td>2011-2012</td>
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